

Nation's Business

A MAGAZINE FOR BUSINESSMEN

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JANUARY 1955

MIDTERM REPORT

By President
Eisenhower's
Cabinet

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ITS THEME:

Partnership, here and abroad

WITH INDEPENDENT ANALYSES

**BY Allan Nevins, NOTED HISTORIAN,
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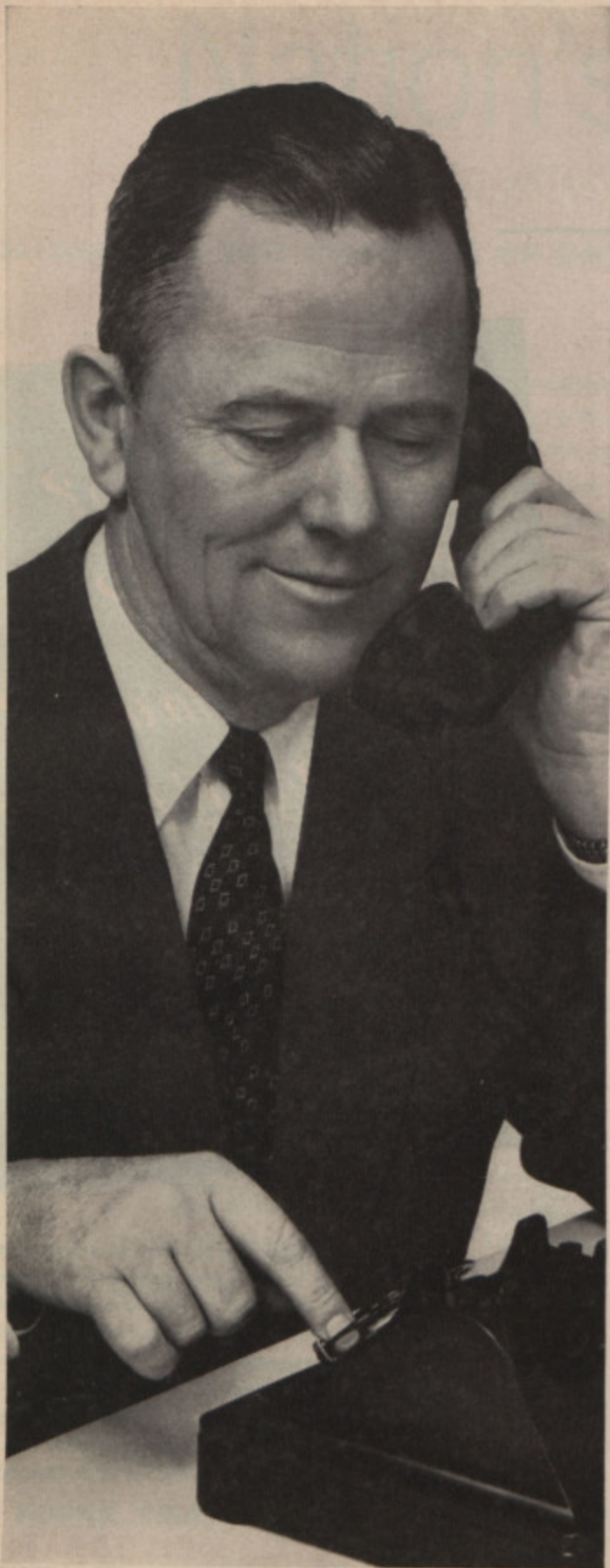


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Letters TO THE EDITOR

Basic principle lost . . .

The article "The State of the Nation" by Felix Morley which appears in the December, 1954, issue of your publication is one of the finest I have yet read on the problem or question as to just what education in our schools should be.

I am a member of the Board of Trustees of a union high school district and believe wholeheartedly that the present trend of this so called "modern" education leaves something to be desired insofar as the end product (graduate) is concerned.

Educational methods in the pre-automobile age left a great impression and were inadequate. The methods of presentation of materials today are undoubtedly better but basic principle has been lost in the shuffle. A better educated person is more apt to be well adjusted to society than one who has not mastered the fundamentals of reading, writing, spelling, and mathematics.

CHESTER A. BROWN
Lawndale, Calif.

. . . students confused

Mr. Morley has presented the situation resulting from a couple of decades of progressive education, in an accurate and understandable way. The incident which he mentions about the mother who says "Now the school takes her daughter to the zoo and the arithmetic is taught at home" brings out the point that more stress is placed on unimportant subjects than on important ones.

This is true of the "core system" used in many schools throughout the country. This system is one that covers a little bit of everything, but not much of anything, and social studies, under this system, combine history, geography, grammar, civics and anything else which might touch up on the core subject. After a couple years of "core" the student crawls out from under it in a dazed, confused state of mind, unable to read well, write well or express himself in good plain language.

Knowing how to get along socially with the Hottentots will not take the place of the ability to read, spell and do simple arithmetic problems. And as to a broad substantial background, there is no attempt whatever to give our future citizens this necessary foundation on which to build their lives: Patriotism and tradition are taboo because they detract from the popular One World idea.

MRS. FLORENCE D. WATKINS
Cockeysville, Md.

. . . the other view

This letter comes to you pertaining to the December issue of NATION'S

BUSINESS in which you tried to point out the inadequacies of public schools. There is a saying that difference of opinion is a balance wheel of democracy. In order that you may gain poise and become balanced, I wish to refer you to the December issue of the magazine *The Atlantic Monthly* and the article written by Gladwin Hill entitled, "A Farther Look at Progressive Education."

I referred your article to my two high school men teachers who are teaching juniors in high school and they doubted very much that the pupils in Los Angeles schools really lacked the knowledge necessary when asked the question as to "How many months there are in a year?" Their reaction was that simple questions often received crazy answers. I am sure that at least a million teachers in the United States would give you a low rating on your article in that issue.

JOHN S. MERRELL, Supt.
Beloit City Schools
Beloit, Kan.

Auto safety challenged

In your November issue Alfred Toombs has an article entitled "6,000,000 new cars; They are Built to Save Lives." This could hardly be farther from the truth. These 6,000,000 new cars are built to conform to a tradition more than 50 years old, and flout almost all of the modern requirements for safety. There is not one automobile in America that is designed for safety.

Sure, front wheel spindles do not break the way they used to, and flywheels have not exploded for a long time, and springs stand up a lot better. They ought to learn something in 50 years. But doors still pop open. I have many records of doors popping open in late model cars with fatalities resulting therefrom.

The rearrangement of the dashboard that Mr. Toombs writes of came about after years of struggle by the medical profession to have the automakers design the panel for safety. The automakers were told as long ago as ten years that the panel must be equipped with an energy absorbing material from three to four inches thick.

They put on an inch of sponge rubber, which is no more effective in a crash than a coating of wrapping paper.

"What protection have the engineers provided for the passengers in your new car?" Mr. Toombs asks. An informed answer is, "—little."

Sure, the massive grill and the shiny bumpers crumple and absorb energy. But did the engineers design them for safety? What a laugh! Now that they find that they do crumple, they take

► STATES PUSH PROBE of unemployment compensation funds.

Twofold aim:

1. To weed out grafters, drifters, tighten administration, eliminate improper payments.
2. To protect pool of skilled workers laid off temporarily through no fault of their own.

Here's example of what prompts concern:

New York State survey shows 41.6 per cent of state funds in '54 went to 35.9 per cent of workers who were fired, quit of their own accord or retired on pension.

That's more than \$100,000,000 of \$244,620,000—all paid by employers.

Legitimate claims in state accounted for 58.4 per cent of funds paid out to 64.1 per cent of workers.

► BUSINESS GROUPS fight infiltration on jobless pay boosts.

That's at state, local levels, notably in Illinois, Indiana, New Jersey.

Labor, liberal organizations (including some state agencies) seek increases in unemployment compensation pay, longer pay periods.

They pick out leading firm, promise no strikes, lower assessments, other inducements, in return for pay boost support.

Result: They get support, go to other firms with precedent established, build up solid backing for demands in state legislatures.

Note: Employer in one state fights for higher UC pay.

Why? He's signed contract with union to pay difference between UC and normal wage if layoff occurs.

The higher the UC pay, the less he pays.

► MINIMUM WAGE HIKE could set off new spiral of wage increases.

That worries businessmen, not boost in minimum itself.

Average industrial hourly rate now: About \$1.75.

But here's what might happen if minimum's boosted from 75 cents to \$1.00:

Workers earning \$1.10 or \$1.25 might have to be raised, too: If the lowest-

paid are worth more, so are they--and so on up the line.

That could treble initial cost within year.

Note: Legislation to be asked would give minimum pay coverage to more than 20,000,000 workers.

► GOVERNMENT TALKS loudly about getting out of private business.

Electric power, other utilities, government-sponsored enterprises (bakeries, paint-making plants, etc.) are mentioned most.

Take that talk with a grain of salt.

Government has counted on income from these sources since New Deal days.

Its efforts to get out of many private business areas don't jibe with the government's own figures.

Examples:

Federal income from sale of power, other utilities: '53, \$96,749,289; '54 estimate, \$111,965,785; '55 estimate, \$128,818,444.

Income from other government-sponsored enterprises: '53, \$297,715,425; '54 estimate, \$350,000,000; '55 estimate: \$350,000,000.

Figures are from Budget Bureau. They're going up, not down.

► ONE INDUSTRY plans 54,400 new jobs this year.

New jobs, in turn, mean new income of \$217,600,000 to economy.

The industry? Chemicals.

Here's what it's going to do:

New plant outlay in '55: \$1,360,000,000. Average investment per worker: \$25,000.

Average annual wage per worker: \$4,000.

Note: This boost for economy doesn't count \$910,000,000 paid to construction workers to build the plants, nor \$603,000,000 paid to workers to produce equipment, building materials.

► WHERE IS "danger point" in unemployment?

Full Employment Act of 1946 requires government action by law if number of jobless goes too high. But government has never said what's too high.

1949 jobless: 5.5 per cent of labor

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force; 1950 jobless, 5.0 per cent; 1954 jobless, 4.8 per cent.

Act also sets up Council of Economic Advisers to help determine "danger point."

Mention of danger in '49 or '50: None.

Action by Council then: None.

► NEW CONGRESS will go along with economy in government drive--to a point.

That may be a switch for Democratic Congress.

But it makes sense if you have eye on '56.

This is what party leaders think:

1. Economy is good hedge against G.O.P. effort to pin "wasteful" tag on Dems.

2. If expenditures can be chopped enough, Democrats will sponsor individual income tax cuts in '56.

A \$200 increase in exemptions (from \$600 to \$800) would cut revenues by about \$4,000,000,000.

Note: Budget Bureau insists only 11 per cent of government expenditures are controllable.

That means, according to Budget, \$56,000,000,000 out of \$64,000,000,000 budget for fiscal '56 can't be controlled.

► THERE'LL BE more strikes this year.

That's after postwar low (less than 3,500) in '54.

Why?

Labor, business economists see pickup in activity, higher profits, bigger industrial output.

That spells tougher union bargaining --added to growing pressure for guaranteed employment plans.

Business will point to continued need for capital investment, already down from year ago peak, plus stiff price competition.

Here's what to expect:

Increase in gross national product of 2 to 3 per cent.

Wage hikes averaging 5 to 8 cents per hour.

Some price boosts.

► CONGRESS WON'T approve proposed military manpower program. At least, not without substantial changes.

That sums up present feeling from talks with members of both parties.

The background:

Administration pushes hard for blanket training program (not UMT) for men 18½ through 26.

Program would require six months of active training, 9½ years in reserve.

Ultimate goal: Standing force and reserve of 8,000,000 men.

Cost: About \$1,750,000,000 first year, \$2,000,000,000 to \$3,000,000,000 after that.

Some Congressmen privately say \$5,000,000,000 cost is more realistic.

Principal objections rising on the Hill: 10-year reserve obligation, cost.

► TREASURY STEPS UP H-Bond sales drive.

It's latest move to help transfer part of government debt to public.

Figures: In 3 years less than \$1,000,000,000 H-Bonds have been sold.

This compares with more than \$36,000,000,000 of the 3 per cent E-Bonds outstanding.

Officials want to sell H-Bonds under payroll deduction plan--as is done with E's.

They'll key upcoming campaign to salaried workers, small investors.

H-Bonds sell in denominations from \$500 to \$10,000, accrue interest twice a year. Rate: 3 per cent.

► YOU CAN FORGET about any more high-interest government financing.

Two reasons:

1. High rates breed chain reaction, tend to force up cost of municipal, housing, other improvement bonds.

Result: Slowdown in home construction, state and local public works, highway building.

2. Treasury's sensitive to windfall from 3½ per cent, 30-year bonds of May, 1953.

Those who bought them at low of 99 and sold them at high of 111 made 12 per cent profit within year.

► ADD political footballs: Small Business Administration interest rates.

Direct loan rate is 6 per cent.

Participating bank can't set less than 5 per cent.

Rates are established by policy

washington letter

board, which tries to strike average of "going rate."

But they're 1½ to 2 per cent higher than VA home loan rate, for example.

Complaints so far come from some congressmen.

Complaints from borrowers: None.

Direct loans made: 325; value, \$15,-766,263.

Participating loans: 694; value, \$39,403,391.

Those figures are through November.

► PRIVATE HOME-BUILDING heads for new records.

But one midwest contractor has question:

Are we running out of available land to put houses on?

He cites cost of improvements--sewers, streets, lighting, water, power--on unimproved land.

Also: Some potential home sites already are too remote to get services quickly.

And many suburbs are bursting their seams, too--with homeowners moving out of suburbs to fringe areas.

Contractor says: Trend may not stop over-all construction boom, could slow it down this year or next.

► ADMINISTRATION SEEKS partnership in foreign investment field.

Plan's similar to that in private power development.

If you're an exporter, or you're interested in foreign investment, keep an eye on these straws:

Major bank (Chase) sets up credit pool to cut investment risk for single company.

Four big American firms help finance Industrial Credit and Investment Corporation of India.

Export-Import bank will work with small business abroad. Its transactions have previously been with the larger firms.

Result: American companies can compete with foreign firms abroad--whose governments often underwrite long-term payments.

But U. S. competition will be financed in main by private capital.

Note: Foreign Operations Administration (now handling bulk of investment

abroad) may be absorbed by State Department after next June 30.

► COST-CUTTING NOTE:

Packaging industry weighs expense of annual trade show, suggests exhibit every other year.

Industry members say:

It's too costly to set up exhibit, ties up salesmen who should be out in field.

► PAYROLL TAXES may take new twist.

Spokesman for major firm suggests:

One to 2 per cent tax on worker's earnings--to be paid by employer.

Revenue would make up for loss from cuts in excise, corporate rates.

Tax would apply at all levels from extraction and farming to retail.

Its backers say it would be fair, uniform, because payments would be based on size of work force.

What to expect: Lots of argument among businessmen, little effort to get tax on books this year.

► BRIEFS: President's Rubber Commission studies 75 bids from 35 firms for U. S. rubber plants; Congress will decide by April . . . Government Services Administration plans 25 per cent cut in warehouse space this year, will buy more items under call-type contracts. . . . Post Office will save nearly \$1,-000,000 in '55 by using lightweight nylon bags instead of canvas for air-mail. . . . With total assets near \$14,000,000,000, gas industry is now sixth largest in U. S. . . . 26.7 per cent of U. S. households have no cars; that's about 13,000,000 families. . . . It's expected that 22,000,000 workers will be covered by industrial pension plans in next five years--adding \$6,-000,000,000 to annual flow of savings available for investment. . . . Despite record home-building, 67 per cent of our houses are more than 20 years old; 50 per cent are more than 30 years old. . . . Fur business is up 25 per cent this winter, with mink accounting for 25 per cent of furs sold. . . . More feet equal more shoes: Increasing population will push shoe sales in '55 above 510,000,000-pair mark for first time, shoe makers say.

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Trends

of Nation's Business



GEORGE LOHR

THE STATE OF THE NATION BY FELIX MORLEY

REPORTING to President Truman on his duties as American prosecutor at the Nuremberg trials, the late Justice Robert H. Jackson observed that he had disregarded "sterile legalisms . . . so as to make war less attractive to those who have governments and the destinies of peoples in their power."

The "sterile legalisms" in question were those which used to maintain that soldiers cannot be held personally responsible for obeying the orders of their superiors. The logic behind that principle is clear. Since insubordination is a crime, under military law, it follows that subordination to orders—no matter how shocking the orders—should not also be regarded as a crime under civil law.

• • •

Nevertheless, at Nuremberg and in the other war crimes trials, many members of the German and Japanese military forces were sentenced, by special civil courts, to execution or varying terms of imprisonment. Scores of these former enemy officers are still in jail, for no other crime than obeying atrocious governmental orders, although we now regard the present West German and Japanese governments as potential allies.

At the time of these so-called trials there were many, including Chief Justice Harlan F. Stone, who regarded the proceedings as a travesty of justice. There were others, among them high Army officers, who pointed out that the precedent created for captured Germans and Japanese might some time

be applied to captured Americans. There were, further, many who thought it highly dangerous to conduct the Nuremberg trials with a Russian communist as one of the supreme judges. For we thereby indicated that in "war crimes" we consider communist ideas of justice on a par with our own.

Unfortunately, however, little of this criticism was given public expression. People were bitter about the Germans and Japanese, and in no mood to listen to arguments that seemed to take their side.

The chickens hatched at Nuremberg have now come home to roost. For in announcing the long-term imprisonment of captured American flyers the Chinese communist government has used the war-crimes trials at least implicitly as precedent. Our luckless men, the Chinese assert, were not engaged in ordinary combat duties in the Korean war. Indeed, two were said to be civilians, engaged in espionage over Chinese territory. Regardless of the orders under which they were operating, the flyers themselves were held individually responsible. Chinese defense counsel, says the Peiping radio unctuously, was provided. But of course they were found guilty.

Mao Tse-tung himself would scarcely claim that there is a direct parallel between this outrageous proceeding and the postwar trials that led to the execution of so many German and Japanese officers. But, unfortunately, the underlying principle of disregarding "sterile legalisms" is in both cases the same. The Chinese communists have certainly gone us one better in flouting what the State De-

Trends

partment calls "accepted practices of international conduct." Simple honesty, however, compels us to admit that at Nuremberg, in concert with Soviet Russia, we provided the disastrous formula that Peiping has developed against us.

• • •

For all its strength the United States is seemingly unable to do very much of direct benefit to those brave men who are languishing in Chinese jails. Therefore, if only to avoid the bafflement of frustration, it would be well to ask ourselves if we are wholly guiltless for their terrible plight.

If the war-crimes trials we sponsored were actually a travesty of justice, creating a formula of legal lynching that could be used against us, why was there not more American protest at the time? There was no penalty against such protest. Our constitutional guarantees of free speech held firm. And some people did publicly denounce the whole sorry business. Yet, on the whole, Mr. Jackson's dreadful admission, about scrapping "sterile legalisms," went uncondemned.

Similarly, during the early postwar period, there was little public opposition to our policy of dismantling West German factories, and turning the uprooted machinery over to Soviet Russia and her satellites. Of late we have financed the rebuilding of German industry, and have sought to embargo any shipment of strategic materiel across the Iron Curtain. If that is sensible now, why was there so little criticism of the exactly opposite policy followed by our government only a few years back?

Or, to carry the same question a stage further, why was there so little open discussion of the menace of communism during the period when we were demanding the "unconditional surrender" of Germany and supplying the Kremlin with everything it could possibly want to use against us later? The communists themselves never concealed their intention to destroy American capitalism. They said quite openly, right through the war, that their long-range design was to take over first Asia, then Europe and Africa; finally, the United States. Why couldn't we take their candid statements seriously?

• • •

These questions are so perplexing now that many people think there must have been "a hidden force" in Washington, continuously working in the Russian and against the true American interest. Some treason there certainly was.

And beyond a handful of clever traitors there were many gullible fellow-travelers, in the Office of War Information, in the Office of Strategic Services, and other agencies, so conceited over their petty wartime activities that they had no time or vision left to look ahead.

But while these pinks, as many of them were, deserve less than no credit, not all the blame for our war and postwar blundering can be laid at their door. There was no time when the average American could not have spoken out against the pro-communist slant in Washigton. Farsighted men like Herbert Hoover, Robert A. Taft and Charles A. Lindbergh did speak out—not once, but frequently. And they were abundantly smeared for telling what we all now know was simple truth.

In an important address, William S. Paley, chairman of the board of the Columbia Broadcasting System, recently noted that Americans are no longer using the freedom of speech guaranteed by our Constitution. "Our timidity in the vital areas of public information," he said, "is self-perpetuating. It breeds pressures which in turn breed further timidity."

Mr. Paley's point is very important. For if the majority does not want it, free speech is most unlikely to endure. The constitutional guarantees protecting the privilege will prove worthless if people have no interest in the privilege itself.

As John Stuart Mill reasoned, in his essay "On Liberty," any conviction that is not kept bright will in time tarnish and lose its value. "Not only the grounds of the opinion are forgotten in the absence of discussion, but too often the meaning of the opinion itself. . . . Instead of a vivid conception and a living belief, there remain only a few phrases retained by rote."

• • •

We still have the phrases, handed down from the time when free debate on every sort of public issue was a commonplace. But now whole areas of public policy are being closed off, voluntarily, from the thoughtful examination they deserve. The movement for "bipartisan foreign policy" is a case in point.

It made sense to say that "politics stops at the water's edge" when policies also stopped there. But when we began to pour billions of dollars of public money into the far corners of the earth, politics naturally tended to follow those dollars.

That is as it should be, for if you assert that the citizen should show no concern over how his money is spent, you have also gone far toward saying that he should show no concern over how he is governed. And, when a people reaches that conclusion, free speech is dead, regardless of the constitutional guarantees.

Pretty soon they, too, will be definable as "sterile legalisms."

The Americans held prisoner by Chinese communists must often wonder about the underlying reason for their tragic fate. And the least we can do in their behalf is to ask ourselves whether our apathy on fundamental issues is not partly responsible for giving the communists the ruthless power they now exert at our expense.

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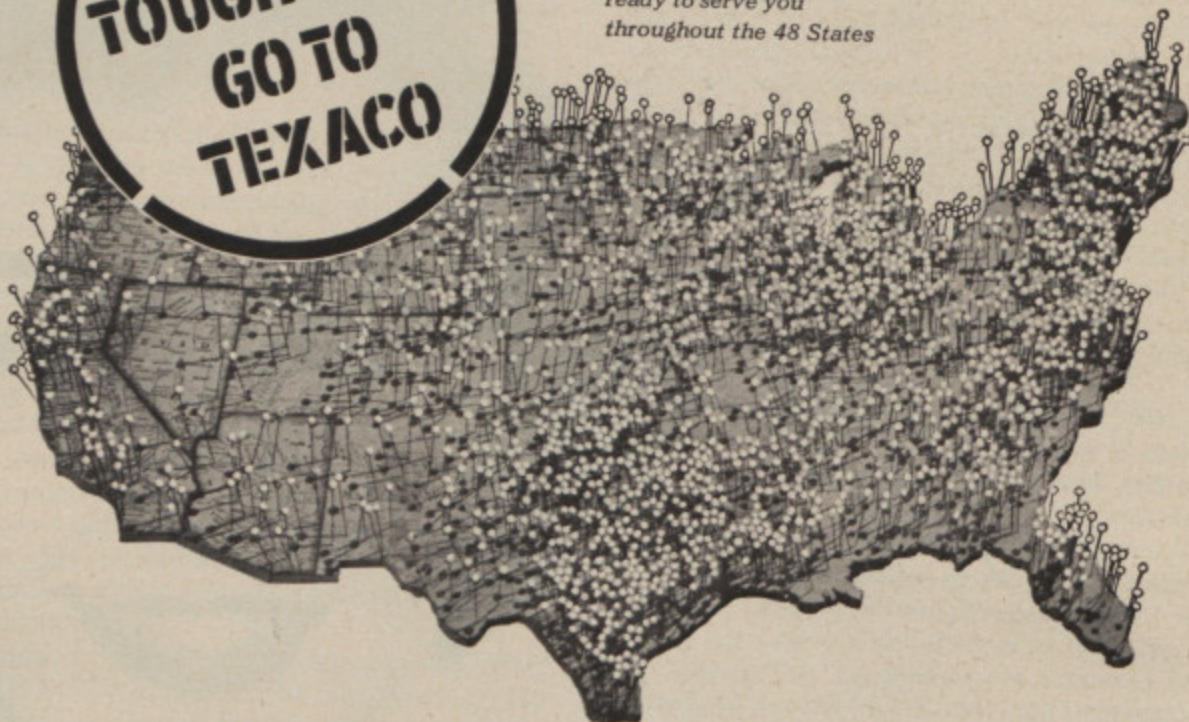
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GEORGE LOHR

WASHINGTON MOOD

BY EDWARD T. FOLLIARD

TO SAY THAT the communist problem dominates the Washington scene as Congress returns is to say nothing new.

However, there always seems to be some new aspect to this evil thing, some flare-up involving the White House and Capitol Hill, and the result usually is that the air here is charged afresh with anger and frustration and political feuding.

By this time, most of us take for granted the great changes that the communist threat has brought about in our national life. The enormous budget, the heavy taxes, the drafting of our sons, the federal security program—all these, we know, have been made necessary by the conspirators in the Kremlin. We accept them and the burdens they impose.

What is new as 1955 begins is a very mixed-up quarrel over the Red issue that probably would baffle a foreign visitor, even a communist visitor.

The Democrats, victorious at the polls on Nov. 2, have blood in their eyes as they return to take over control of the Eighty-fourth Congress. They deeply resent the Republican charge that their party has been "soft" on communism, and they are determined to do something about it.

As for the Republicans, their ranks are split, and here too the communist problem is responsible.

The sharpest Republican critics of President Eisenhower are vexed with him on two counts—first, because they feel that he is not as aroused as he ought to be over the communists-in-government issue, and, secondly, because they feel that he is not bold enough and tough enough in dealing with the Soviet Union and Red China.

If one of the communist aims is to create strife and division in the free countries, and undoubtedly it is, then Moscow and Peiping ought to feel pretty good about the state of affairs in Washington.

Yet, in a larger way, the game continues to go

against the Iron Curtain countries. The outlook for 1955 is for a steady build-up in the strength of America and her allies. It is a year that may well see a start in the arming of a half million West Germans, who will add much to the power of the free world's legions. It is a year, too, that may see at least a modest gain in the rearming of Japan. Needless to say, these one-time Axis powers are countries that the communists would dearly love to have in their own camp.

Despite all the talk about a "new look," our foreign policy continues to be based in a general way on the warning that Winston Churchill sounded in his famous "Iron Curtain" speech at Fulton, Mo., back in 1946. He said on that occasion that the Russians despised weakness and respected only strength.

It could just as well be said that President Eisenhower's policy is based on Teddy Roosevelt's maxim, "Speak softly and carry a big stick."

Curiously—and this is one of the things that would puzzle our foreign visitor—the President has more supporters for this policy among the Democrats than he has among his own Republicans. If the Democrats in Congress have any quarrel at all with him in this respect, it is that he doesn't spend more money and make the big stick bigger.

Some of the Republicans, on the other hand, would like to have the President raise his voice to the Reds and to brandish the stick and threaten to use it if necessary. They think he ought to deal with them, not as statesmen, but as outlaws, and start doing it now before they catch up with this country in the field of atomic weapons. They are greatly irritated by the expression "coexistence."

While the Democrats see pretty much eye to eye with the President in foreign affairs, they are prepared to blow the Capitol roof off once they take up the "soft-on-communism" charge that has been leveled at their party.

The villain in all this, as the Democrats see it, is not the President but Vice President Richard M. Nixon. Nothing that happened in the 1954 campaign so infuriated them as Mr. Nixon's oratory—his statements that the Truman Administration was "soft, vacillating and inconsistent in dealing with the communist threat," that "thousands of

communists, fellow travelers and security risks have been thrown out of the government" by the Eisenhower Administration,

and that if a Congress of Adlai Stevenson's choosing were elected "the security risks which have been fired in the Eisenhower Administration will all be hired back."

Invariably these Nixon charges evoked applause during the campaign—at least from Republicans.

To understand how the Democrats feel, you have to know something about politicians. Generally speaking, they have thick skins; they can throw off most of the criticism that comes their way in the rough-and-tumble of politics. However, there is one thing that they simply won't stand for, and that is any reflection on their patriotism. The same goes for any reflection on the patriotism of their party. If they are Democrats, they won't tolerate any suggestion that their party is less concerned about the safety of the country than is the Republican Party.

• • •

So far the resentment of the Democrats has been expressed in large part behind the scenes, in huddles among themselves, but occasionally it has exploded in public statements. Thus, after the November election, Sen. Estes Kefauver of Tennessee said that the new Congress would demand that the Eisenhower Administration back up Mr. Nixon's charges by making public the name of "every single subversive thrown out of the government" in the past two years.

The question may be asked, why hasn't the Eisenhower Administration made public the names of the communists that it claims it has rooted out of the government? The answer, as given by Mr. Nixon, is that if the names of communists were made public, then the government would be expected to publicize the names of those in other categories of security risks who were let out—heavy drinkers, for example, sex deviates and the like.

One thing is certain: The Democrats won't rest until they have exhausted every means to get at the bottom of what they call the "numbers racket." They will control the Senate and House committees now; they will be able to issue subpoenas, and they will be in a position to demand information from the Civil Service Commission and other agencies.

The Democrats are betting that Mr. Nixon was exaggerating to help his party when he talked about the Eisenhower Administration throwing out "thousands of communists, fellow travelers and security risks" that it had inherited.

The prospect, in any event, is that once again we are going to hear a lot about communists in government, with or without Joe McCarthy on the firing line. Who is going to get hurt is something for the future to answer.

Meanwhile, the role of Vice President Nixon in the new Congress is not likely to be an easy one. This is recognized at the White House and is causing some concern there. General Eisenhower's lieutenants believe that Nixon's effectiveness on Capitol Hill was seriously damaged by his part in the '54 campaign. They are not critical of him; their belief is based on the political facts of life.

Nixon's job, aside from presiding over the Senate, has been to serve as a liaison between the White House and the leaders of Congress, to voice the President's desires and to try and smooth the path for the President's legislative program. He would be expected to continue this middleman's chore in the new Congress, even though he has to deal with Democrats.

However, it would be surprising if the Democrats consented to play ball with a man who, in their language, has tried to "exterminate" them.

What impresses an onlooker here is the sharp contrast in some of the things that were being said about Dwight D. Eisenhower in 1951-52 and some of the things that are being said about him now.

It will be recalled that one of the arguments against him before and during the '52 campaign was that he was a "military man." When people said that they had different things in mind. But it is certain that some were fearful that a professional soldier in the White House might lead the country into "adventures," might be too quick in drawing his sword.

The Republicans in Congress who are now so critical of President Eisenhower find fault with him for almost the very opposite reason. It isn't that they want him to lead the United States into war; they don't. But they certainly think that he is too mild-mannered in his quest for peace. They say that they would like to have him show more "guts" in dealing with communists, at home and abroad. Some would like to see him break off diplomatic relations with the Soviet Union.

• • •

General Eisenhower made a remarkable talk at a news conference last month, one that showed he was keenly aware of this sentiment among some of his fellow Republicans.

He said he experienced the same resentments, the same anger and the same sense of frustration as other Americans when he heard about such things as Red China's treatment of our Air Force prisoners. He said his impulse was to "lash out."

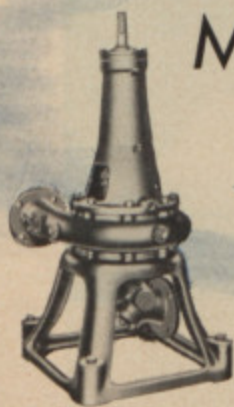
But being President, he went on to say, he couldn't indulge in such passion; he had to think things through and ponder the consequences of moves like a blockade of China. He concluded that such moves could lead to war.

The hard way, he said, was to "have the courage to be patient." He knew, of course, that he was talking to a nation that has never been noted for patience.



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HANK WALKER

NEWs rushes out across this nation from Washington in a turbulent, never ending flow. Events tumbling one after the other cross our consciousness in constant rhythm. Its beat usually is staccato, like the sound of drums. Occasionally there is the sweet singing of violins, and sometimes a discordant blare from the brass.

This is history in the making. Any flash in this flow may affect our daily lives. Altogether it affects the lives of all of us, and those who will come after us. But which of these events are profound in effect? Which have little meaning? Sometimes the speed of the flow, the complexity of the stream, make evaluation or even identification difficult.

The members of President Eisenhower's Cabinet are among the principal makers of history in the world today.

They are taking the steps that put into motion the policies of a political ideology considerably different from that which guided this country from 1932 through 1952.

Now they are halfway through the four-year executive term. What have they done? Where are they going? In the minds of the Cabinet members themselves, what in the flow of events has real importance?

At the invitation of NATION'S BUSINESS these heavily burdened, extremely busy members of the President's top team have paused in their executive tasks to put down in their own words their accomplishments so far, and their aims.

We also have asked Allan Nevins, an outstanding historian, and other scholarly and qualified men, to present their views of what is taking place in our country as the Eisenhower Administration reaches the halfway point.

Our purpose is neither to defend nor to criticize, but only to present to the American people this **MIDTERM REPORT**

Midterm analysis

PARTNERSHIP

President's growing confidence, leadership, result



GUY GILLETTE—BRACKMAN ASSOCIATES

BY ALLAN NEVINS

Dr. Nevins is professor of American history at Columbia University and twice a Pulitzer Prize winner. He is the author of many works in the field of history. Among his most recent books is "Ford: The Times, the Man, the Company"

JUST after the November election, the famous British cartoonist, David Low, lampooned the American political situation. His cartoon showed President Eisenhower in prisoner's garb standing at the portals of the White House, a car labeled "Democratic Majority: Tours Arranged" in the driveway below, and the driver announcing, "Mr. President, the carriage awaits."

To those more familiar with American political parties, this conception was somewhat exaggerated. The fact is that Mr. Eisenhower has wisely avoided any marked partisanship, and his freedom to lead has always rested less on the Republican Party than on his special following in both party camps. Nevertheless, today the President finds himself in a different political climate as a result of the 1954 elections.

For the next two years the President must work not merely with a Congress organized and led by Democrats, but with a Congress more political-minded than the last. Every group in both parties—Liberal Democrats, Thurmond Democrats, Internationalist Republicans, Jenner-Welker-Dirksen Republicans, the Farm Bloc, the Labor Bloc—will be acting with an eye on 1956.

This condition will impose new tests on the President's war-demonstrated talent for obtaining reason-

able teamwork from discordant elements. It was probably for the best interests of the nation, since the House was certain to go Democratic, that the Senate did the same. The amount of friction in government is thus reduced. Mr. Eisenhower may well find it easier to cooperate with a Congress controlled in both chambers (so far as control is possible) by such men as Sam Rayburn, Clarence Cannon, Jere Cooper, J. W. Fulbright, John Sparkman, and Paul Douglas than it would be to act with a Congress in which House would be fighting Senate. The cordial reception given the President's early overtures for bipartisan action in foreign affairs gives hope for a fair amount of liaison.

Indeed, as the President pursues his foreign policy—always his first and most perplexing problem in today's troubled world—he may well take an optimistic view of his relations with the congressional majority. The chief Administration measures are, 1, consolidation of the Western coalitions, NATO and the Nine Power Brussels Pact; 2, the building of a firm non-communist bloc in Asia against Russian aggression; 3, strengthening of Western and Asian economic life by both trade and aid; 4, firm espousal of the United Nations; and, 5, steady effort to maintain peaceful coexistence with the communist powers. To all these policies the Democratic leadership is as firmly committed as Mr. Eisenhower himself.

In fact, the primary question for Mr. Eisenhower in foreign relations will not be the cooperation of Congress; it will be to avoid a dangerous schism in his own party as rival factions maneuver for power in 1956. The Bricker-Jenner-Dirksen alignment, its main strength in the Middle West, is already planning for the next Republican convention. The same elements against which Wendell Willkie fought in the days of America First are again raising what they call the nationalist banner.

These elements tirelessly attacked the United Nations, made a political hero out of Douglas MacArthur, and rallied behind the Bricker Amendment. Today they are advocating an abandonment of our international alliances, an end of our painfully cemented fabric in Western Europe, and an arrogant policy of isolated action.

Republican Senate leader William Knowland, California, while not going so far, talks of dropping that peaceful coexistence line which such of our allies as Britain and France regard as their only safety.

BRINGS PROGRESS

in substantial achievements both domestic and foreign

This loose group on the extreme right of the Republican Party, unless kept within bounds, could split the G.O.P. wide open and ruin all its chances in 1956. We may be sure that Mr. Eisenhower sees the peril and is determined to guard against it.

In about half the domestic legislation desired by the Administration, and perhaps more, the shift to a Democratic Congress should present no problem. The President's main difficulties have been created not by the Democrats, but by a combination in both parties—a conservative Republican-Dixiecrat alliance. This combination had its origins far back in Franklin D. Roosevelt's second Administration. It grew violently assertive under Harry Truman; it remains a great force today.

If the President will have a stronger bipartisan alliance behind his foreign program than before, and just as strong a bipartisan union behind some domestic measures, in what quarter may we look for change as a result of the recent Democratic victory?

The answer is that the change will be most marked not in measures, but in the spirit and emphasis behind the measures. Democratic leadership in Congress will unquestionably try to give national attitudes a strong push toward the mood and approach of New Deal and Fair Deal days.

In foreign affairs, the promotion of international trade and technical assistance will be tied in with the historic low-tariff and foreign-aid position of the Democratic Party. The Democratic leaders, espousing Mr. Eisenhower's measures—and the President has already announced that he will ask for a three-year renewal of the Reciprocal Trade Act—will invoke the names of Cleveland, Wilson, Hull, and Truman.

In domestic affairs, the Democratic leadership will turn a flintier face toward business. It will attack "giveaways," demand a stern application of antitrust legislation, and insist on closer regulation generally. With this will be coupled a demand that the government reduce its concentration on Reds and Pinks, and turn instead to an investigation of monopoly, of high finance, and of the relation between government and big business.

The spirit of Congress in examining labor problems will reflect, to some extent, the attitudes of FDR and his Secretary of Labor, Frances Perkins. As it takes up agricultural affairs, it will revert to the Democratic

practice of listening intently to the farmers' complaints.

The aim of the Democratic leaders will not be to accomplish much work of their own in legislation; it will be to affect the climate of opinion, the governmental philosophy, of the land.

And where will these tactics lead us? Will they veer the country in the next two years distinctly to the left, as Roosevelt and Truman represented the left? Or will a constructive partnership of President and Congress, if Mr. Eisenhower can shape it, follow more moderate lines? To answer these questions, we must first appraise the nature of the Administration's achievement during its first two years.

As soon as President Eisenhower took office, it became clear that he was seeking a middle road in the management of national affairs. He intended to be neither a Franklin D. Roosevelt nor a Calvin Coolidge, but a Chief Executive standing for policies all his own somewhere between the two. As for his method, he would rely on persuasion and argument, not coercive tactics; he would speak earnestly without the big stick.

Mr. Eisenhower began with one tremendous asset, his almost universal personal popularity, which he has largely kept. His instinct on basic principles soon proved to be almost invariably right—though he too often let political advisers override it. His modesty, his quiet dignity, his readiness to seek an accommodation with Congress, and his flashes of insight, also inspired general approval. The central question was whether he possessed traits of decisive leadership.

It is foreign affairs that always offer the most crucial test of leadership; and even after the Administration had brought the Korean War to its indecisive and precarious end, the international problem steadily grew more urgent. For this, science was largely responsible. All sober American leaders should echo Prime Minister Churchill's statement of last March to the House of Commons: "Nothing dominates our thoughts more than the group of stupendous problems and perils comprised in the sphere of hydrogen and atomic development." The awful possibilities of a hydrogen bomb war, said Churchill, "fill my mind out of all comparison with everything else."

The United States and all mankind have unquestionably entered what Mr. Eisenhower called "the age of peril." War has become so terrible that the two nations holding hydrogen bombs, Russia and America, were brought to a stale-

(Continued on page 85)

Red tactics will vary —so will ours

BY JOHN FOSTER DULLES

Secretary of State

THE GOAL of our foreign policy in 1955 will be the same as it was in the past year: To enable you and me and our children to enjoy in peace the blessings of liberty. That high purpose is behind everything we do. It will remain our guiding purpose in the months to come.

I think considerable progress has been made in this direction during 1954, although formidable obstacles still remain. International communism threatens us by many means, at many places. One of the ever present hazards will be the danger of being lulled into lowering our defenses against the enemy before the peril is past. Knowing the moral strength and determination of our great nation, I am confident that this will not happen. Nevertheless, it is well to understand the trickery to which we will be exposed. The communists are masters at using words which mean one thing to them and another to us.

It took us time to learn that "democracy" means, to the communists, a dictatorship—what they call "dictatorship of the proletariat"—and that "peace," to them, means a world of conformity—with a pattern of conduct prescribed by Moscow. The tricky new word is "coexistence," which to us means the toleration of differences. I am not yet sure what it means to international communists. To the Russian communists it may conceivably signify an era of soft talk. Perhaps to the Chinese communists it means the breaking of armistice agreements and the violation of the elemental decencies of international conduct. It is a word to watch, a word of which to beware.

Now I am not going to attempt to predict what the course of events will be in the year to come. The mind of the Soviet is inscrutable. The tactics of the communists will vary, and so will ours. But in looking back over the article which I prepared for the special issue

of NATION'S BUSINESS a year ago, I was struck by the continuity of our deep, underlying purposes. What I said then is just as applicable today and casts light on what lies ahead. I stated my faith in the dynamic influence of a free society and our determination to negotiate from strength, not weakness. I pointed out that the free world had obtained the diplomatic and moral initiative and that the Soviet rulers were on a diplomatic defensive.

This is increasingly true today. One of the principles of such a free society as ours is that in it all men are brothers. Translating this into the world of diplomacy, you have nations working together as partners in a very real sense. Let me give you a few examples from recent events. The case of the Western European nations and the action they took after the collapse of the European Defense Community is an outstanding one. In the short space of 33 days, at London and Paris, they moved to fill the vacuum left by this collapse. The result as you know was an agreement which, when ratified by the various powers, will restore Germany to full sovereignty and will integrate the military defense of Western Europe.

During these historic conferences, Great Britain, France and Germany all made notable and generous concessions in this spirit of partnership for the common good. Last year in these pages I stated that "European nations have regained their confidence in their ability to solve their own problems, and their ancient political genius has been reborn." The economic recovery of Western Europe has increased their material ability and the London and Paris conferences have splendidly confirmed their political genius.

At London and Paris the United States played the part of helpful ally—not lending, not dominating, but



Mr. Dulles confers with Norwegian Ambassador Morgenstierne, dean of Washington's diplomatic corps

willing to support any workable formula that would achieve the two basic objectives of strengthening Western Europe for its own defense and uniting it so that the nations there will not again fight each other.

There have been several other examples of this United States role of helpful partner that I wish to mention for their merit in giving guide lines to the future. One was the Trieste settlement, which removed a danger spot from the southern European defense line. Another was the settlement of the Iranian oil dispute, by which Iran turned her face firmly toward the West and the vital Iranian oil started flowing again toward the marts of the free world. A third was the final and amicable solution of the Suez Base controversy.

There will, I trust, be similar action by us in the future in assisting our allies to iron out disputes that threaten free world unity. We can also expect development of collective security. In the Middle East there is a developing defensive alliance to strengthen the so-called "Northern Tier." It began to take shape with an agreement between Turkey and Pakistan. Iraq and Iran are logical associates. But such a pact will have to spring from the desires of the nations involved. We cannot and will not seek to impose a collective security system on these or any other countries.

Two other events during the course of 1954 help us to foresee the shape of events to come. One was the Caracas Conference and the other was half the free world away at Manila. In March at Caracas the American nations declared that if international communism should gain control of the political institutions of any one of these nations, it would constitute a threat to all. This momentous Caracas Declaration made it clear that collective action to eradicate international communism is not an act of intervention, but an act to uproot intervention. Such action was about to make

its weight felt in the case of Guatemala, when the Guatemalan people themselves acted vigorously to cut out the cancer of communism in their land.

At Manila in September eight nations—Asian and non-Asian—signed a mutual defense pact against overt aggression and subversion which gave new heart to Southeast Asia. More vital still because of its worldwide repercussions, the nations at the Manila Conference joined in a "Pacific Charter" which proclaimed their dedication to the independence and self-government of all peoples everywhere who are able to discharge those responsibilities.

This helped to lay the old ghost of western colonialism, through fear of which some Asian countries have remained exposed to a brand of communism which breeds the most ruthless colonialists in history. It made it clear beyond a doubt that the Asian and Western nations can work together as equals, and it gave new hope to peoples still in bondage.

The Manila Treaty also recognized the importance of economic welfare. We agreed to cooperate in the development of measures which will promote economic and special needs in Southeast Asia, just as we also sought this at the Rio Conference of the Americas.

The Colombo Plan for Asia has already been expanded to include Thailand, Japan, and the Philippines among its members. There has been much informal speculation concerning the need for investment funds in increasing quantities, to permit a prospect for reasonable improvement of standards of living throughout free Asia in order to decrease the temptation of these countries to accept the brutal and tyrannical system of slave labor that passes in communist countries as an effective means of capital formation. I believe that the coming year will see more tangible

developments in these regards which will increase the security and stability of free Asian nations both within and also now without the Manila Pact.

The Economic Conference at Rio marked a new phase in the important process of strengthening the inter-American system. By a frank and open exchange of views on methods of attacking basic economic problems, a greater mutual understanding of the position of each neighbor country was reached. One significant step was the unanimous support of the formation of an International Finance Corporation to consider problems of currency, inflation and the opening up of backward areas.

In a free society it is normal that the developed countries lend money to the underdeveloped countries the world over. Our United States, in its early days, was partially developed by European capital. Today, it is the United States which has the most capital available to help to develop other countries. We must find a way to put it to work. This is good business, for provident loans are usually repaid, and experience shows that we all profit from an environment of prosperity.

I should mention in this connection President Eisenhower's plan for putting atomic energy to peacetime purposes. This plan, when announced at the United Nations a year ago, stirred a tremendous, world-wide response. For nearly a year we tried to get the Russians to contribute to the plan. I personally discussed it several times with Mr. Molotov at Berlin and at Geneva. However, they refused. Then this fall we said we would go ahead with others, leaving the Russians out. Now it seems that, after all, they want to come along. However, it remains to be seen whether they want sincerely to cooperate or to seek means to obstruct and delay.

By this plan of the President's, our nation reappears in its historic role. We are reproducing what, during the last century, was known as "the great American experiment." We have discovered new possibilities for human welfare and are putting our knowledge at the peaceful service of all mankind.

This in itself is a great step on the road to making peace a reality. But I would be less than frank if I did not confess that many roadblocks still lie ahead. Any progress we make with the masters of the communist world will be from a position of strength, not weakness. Whenever they show signs of meeting us part way, whenever they can convince us that peace in their language means the same thing as peace in the universal language of all free nations, we shall meet and negotiate with them.

In the meantime, in concert with our allies in this world fellowship of freedom, we shall remain strong. There will be other treaties, as needed, such as the recent one with the Republic of China, to fill gaps in defensive lines. Also, we shall strive that no incandescent episode will flare into the terrible eventuality of a third world war. Overseas bases, from which to launch retaliation should the aggressor strike, will be maintained and strengthened, for they are—as Sir Winston Churchill has truly said—the "supreme deterrent." The Mutual Security program will maintain its momentum, for it is good insurance and good business too. The plans for a reorganization of the Foreign Service, to expand it to full strength commensurate with the duties of its members as the shock troops in the cold war, will receive high priority.

These are not predictions so much as they are statements of basic positions which so respond to human needs that one can feel confident that they will prevail. Let me repeat: The tactics will vary, but the search for true and just peace will go strongly forward. **END**



JAMES COYNE—BLACK STAR

Mr. Canham is editor of The Christian Science Monitor, and also a radio commentator, former Washington correspondent and author of several books including "Awakening: The World at Mid-Century"

IMPORTANT changes have come over American foreign policy as 1955 begins. President Eisenhower has firmly refused to take a position in Asia which might risk a major war. He has impressed the necessity of strength plus patience, and the phrase "competitive coexistence" is being used to describe the Administration's attitude.

These new policies are based on the conclusion, in President Eisenhower's words, that "There is no longer any alternative to peace." This means our policy makers feel that atomic or thermo-nuclear war would hurt the "victor" quite as much as the vanquished, and hence is no longer a tolerable or likely possibility.

The conclusion does not mean that we believe the men in the Kremlin have become pacific or reasonable. It assumes no real change on their part. It does not infer that world communism has become less aggressive. It does not anticipate that the cold war will cease, or that appeasement on our part would do any good.

It is a simple realistic calculation in these terms: that since both the Soviet Union and the United States possess and are increasing their stockpiles of atomic and thermo-nuclear weapons, each is now or will shortly be in a position to deal a terribly devastating blow to the other. We assume that the men in the Kremlin know the consequences on themselves and their nation of an American blow, whether initial or in

Time of magnificent opportunity

BY ERWIN D. CANHAM

retaliation. We assume, of course, that we will retain and perhaps increase our capacity to strike such a blow. And we expect, further, to strengthen our capacity for continental defense.

But we have concluded there is nothing we could do which would avoid some bombs, at least, on American cities and industrial centers except the threat of devastating retaliation. And so President Eisenhower and Secretary of State Dulles have concluded that neither we nor the Soviet Union would be realistic or wise to launch what was once called "preventive" war, or any kind of war which is likely to bring into play the large-scale use of atomic and thermo-nuclear weapons.

Under the circumstances, the President in 1954 rejected at least two steps, urged upon him by many of his advisers, which might have risked massive war. They were American intervention, by air power, in the siege of Dien Bien Phu in Indochina, and an American attack on the Chinese communists when they were bombarding Quemoy Island, off the South China coast. Each step, the President felt, might involve us in far greater and more deadly consequences. Hence he kept the peace. A few months earlier, a year or two earlier, we might have intervened.

The new American approach has greatly eased our relationships with our western European allies. They had reached the conclusion long be-

fore we had that atomic-hydrogen war was inconceivable. When we went through the period of debating whether a preventive war was wise or possible—when some responsible American leaders advocated such a "showdown"—our European allies were filled with profound fears. Now that our views much more nearly approach their own, they breathe easier.

Our new attitude also eased our acceptance of the London and Paris arrangements which replaced the European Defense Community. We are less pressing on the neutrals. We are no longer seeking the commitment of every possible recruit to the Allied side in order to have maximum military bases in case war should come.

We are treating our western allies as "partners"—a term President Eisenhower has urged upon American negotiators. This attitude had much to do with the successful outcome of the talks in London and Paris that led to hopeful agreements.

And so a kind of breathing spell in world tensions has come. The great question, opened up by Senator Knowland, is whether time is working for or against us. And the answer might be that we must make it work for us, if it is not doing so now. Certain steps, at least, are indispensable. They include the maintenance of fullest military strength, both of our own atomic-hydrogen capability and of traditional weapons. They include the strengthening of Western

Europe in its self-defense capacity, through the easing of Franco-German frictions and rearming of Western Germany with as many safeguards as possible against resurgent German aggression. They include stabilizing and strengthening of economic relations between the free nations. They include continuation of our basic efforts to help the awakening peoples of Asia and Africa, and the neutralists, to reject communist totalitarianism.

It is perfectly obvious, quite apart from all these considerations, that the free world is the target of a massive Soviet peace offensive. The Soviet Union is striving persistently to prevent the rearming of Western Germany. But western diplomacy did well to recover from the EDC fiasco, and has regained its aplomb. Despite the acute and ancient gravity of Franco-German rivalries, of which none is more difficult to resolve than the question of the Saar, there is a good chance that the Paris agreements will be ratified.

So the Soviet peace offensive seems to be failing, of its immediate objectives at least. Indeed, the elements which have brought about the changes in U. S. policy—the awareness of the damaging consequences of atomic-hydrogen war—are not a result of the peace offensive. Malenkov's new attitudes have had little effect on American policy. We are willing to listen and to talk, but our decision springs entirely from evaluation of Soviet military capacity and of our own.

A longer-range Soviet objective is to bring all of Germany and Japan into the communist orbit. As far as Germany is concerned, the west is at least holding the line although the lure of German unification is held out by the communists. In Japan, a major economic crisis continues and may grow worse. How the Japanese economy can become stable and viable without trade with the Asian mainland is hard to envisage. So we will certainly face in 1955 the problem of East-West trade, and difficult decisions may have to be made.

American foreign policy, entering 1955, shows the combined influence of its two remarkable policy makers: President Eisenhower and Secretary Dulles. The President, with his tremendous experience in the greatest war mankind has yet suffered and his awareness of the meaning of new weapons, also is imbued with a deep spiritual humanitarianism. His deeply held regard for the aspirations of others plus his responsible dedication to American fundamentals add up to statecraft of a high order.

Secretary Dulles brings to his task
(Continued on page 81)

SOUND MONEY IS

BY GEORGE M. HUMPHREY

Secretary of the Treasury



CONTINUING POLICY

HALTING inflation has been one of the great accomplishments of the Eisenhower Administration.

One of our most important objectives for 1955 is to prevent any reappearance of inflation.

The narrow swing of the consumers price index in 1954—as in 1953—is solid proof that the long decline prior to 1953 in the purchasing power of the dollar has, for the time being at least, been ended. A dollar earned and saved in January, 1953, will buy just about the same dollar's worth of food or clothing today that it would then.

This is vitally important to every individual, every business—in brief, to everybody's pocketbook.

The rising prices of a period of inflation spell losses just as real as when a pickpocket rifles a wallet. Inflation hurts everyone.

It hurts especially those who endeavor to lay away a portion of their earnings for their own or their children's future, and find later that inflation has sapped the value of their savings.

A stable dollar benefits everyone. To the individual it affords a greater sense of security in the value of such basic things as savings bonds, savings accounts, insurance policies, and all the other recognized forms of savings.

It relieves the whole business field of the uncertainties which inevitably accompany the rising prices of inflation and inflationary trends. It enables business people to buy and sell and produce more confidently and more intelligently.

The world runs on confidence, and there is no greater destroyer of confidence than an unsound currency.

The checking of inflation was accomplished through the sound money policies which the Administration inaugurated in 1953 and continued in 1954. The way to keep inflation in check is to keep doing the things which in the past two years have been so successful in halting inflation.

Our methods have been simple. We are getting the fiscal affairs of the government under control.

We are cutting deficit financing.

We are slowly but surely improving the structure of the public debt.

The Federal Reserve system is exercising proper monetary control without interference.

All these things have served the purpose of helping keep the nation's supply of money and credit in line with the actual needs of a growing economy, and avoiding excesses.

There have been other important steps, of course, to stimulate prosperity.

Controls which hobbled the economy were discarded. Defense spending is being used only to buy defense—not to support unsound economic practices.

Taxes have been cut, and the structure of the tax system greatly improved.

Recognizing that the economy must provide not only the men and the weapons needed for defense but also an ever higher standard of living as well as the social services which our people want and need, we have lifted our economic sights to bring these goals in range.

The economy for which we are working will provide a dependable flow of new and improved products and new, better-paying jobs for a steadily increasing population. It will be a firmly footed economy, directed away from blind alleys and in step with the times.

Sticking to the program which for two years now has worked so well means supporting courageously the leadership which developed that program. I think that the advantages of such a course to the American people are very plain.

Ours has become a nation of small to medium savers—of “haves” rather than “have-nots.”

Our national income this year will be about \$300,000,000,000, which after allowance for price changes is six times the national income of 1900.

National production for the year will probably exceed \$355,000,000,000, which—again after allowance for price rises—is six times the national output of 1900.

The national output per capita is three times that of 1900—with our population more than doubled. Our per capita income, after price adjustments, is three times the 1900 figure. In terms of today's prices, 55 out of every 100 American families now earn more than \$4,000 a year, compared with ten out of every 100 families early in the century.

If we act with determination to forestall any further inflation threats, our possessions will remain secure.

Wage and salary earners will receive the full fair share of their earnings.

Savers who lay away a dollar for a rainy day will still have a dollar when need for it arises.

Insurance payments and pension payments will not have shrunk cruelly in purchasing power below the expectations of the recipients.

A particularly important consideration is that our industrial and commercial system depends heavily for investment money on the great aggregate of the small savings of our people. Little savings, passing through the hands of savings banks, building and loan associations, insurance companies, investment trusts, pension funds and various other agencies, become big investments in plants and equipment. Such investments in 1954 have reached nearly \$27,000,000,000. Here is the indispensable source of the new jobs we must have in our fast-growing country, and the source of tomorrow's necessary increase in productivity. It is vastly important that the savings available for such investment be protected with the greatest care from inflation's eroding effects.

To continue our program is absolutely essential if we want to go on bettering our economic state.

END

Balanced budget still

BY CHARLES C. ABBOTT

IN HELPING to keep private business in the black, the Eisenhower Administration has done a fine job, but it has not been able to do as well in handling the government's own financial affairs.

The Administration has made substantial progress toward bringing government outlays under control. But the national debt is still growing. A balanced budget is not yet in sight.

To understand this paradox, we first have to define what we mean when we talk about a sound, healthy, expanding economy.

Most businessmen would agree that we are in reasonably good shape: when the prices for particular goods are allowed to adjust to the supply and demand forces of the market; when prices in general (i.e. the over-all price level) remain relatively constant; when unemployment is kept at—or close to—the practicable minimum; when profits are large enough to attract the amount of new investment required to keep man-hour productivity rising; when the total of goods and services produced is going up; when the tax burden of government is, if not small, at least declining.

Certainly these criteria of a satisfactory state of affairs conform, in large measure, with the aims and actions of the present Administration.

Indeed, a year ago—in the pages of *NATION'S BUSINESS*—Secretary of the Treasury Humphrey pointed out that when President Eisenhower took office, he set forth as his economic objectives:

1. To reduce the planned deficits of the previous Administration and then, at the earliest possible time, balance the budget by reducing federal expenditures to the very minimum within the limits of safety.
2. To meet the huge costs of our defense.
3. To manage properly the burden of our inheritance of debt.
4. To check the menace of inflation.
5. To work toward the earliest possible reduction of the tax burden,

remove inequalities, cover omissions and reconstruct the tax laws to lessen their restrictive effect upon the vigorous growth of our economy.

6. To remove the strait jacket of wage, price, and other controls and directives which then held the country hidebound and to make constructive plans to encourage the initiative of free citizens.

For achieving such goals, the government's kit of financial tools includes the power of Congress and the executive branch to control taxation and government spending, the ability of the Federal Reserve system to influence the amount of money and credit available, and the authority of the Treasury Department to manage the federal debt.

In all of this the Treasury's role is pivotal. It advises the Congress on financial and tax questions, and usually displays a lot of initiative in recommending action in both fields. It cooperates with the Federal Reserve system to maintain economic and financial stability. Above all, in its own job of managing the federal debt, it has to be acutely aware that this is a many-sided task. It includes planning the types of securities to be sold, and deciding whether they should be short-term or long-term, marketable or redeemable. It involves appraisal of what buyers will purchase new issues—banks, insurance companies, pension funds, foundations, universities, or individuals. When particular security issues come due, debt management demands careful study as to whether these issues should be paid off at once, assuming that the Treasury has sufficient cash in the till, or whether they should be refunded into new issues.

Both tax programs and debt management exert significant sway over underlying business conditions. Both have been carried out in a fashion that has helped the Administration move toward the goal of a strong, dynamic economy.

Along the anti-inflation front, for example, the consumer price level,

starting in January, 1953, has varied less than one per cent—a remarkable record especially when we recall that more than half the decline in the dollar's value since 1939 occurred after the end of World War II.

This stability has largely resulted from a flexible monetary policy and the recent joint decisions of the Treasury and the Federal Reserve Board to "lean against the wind" of inflation or deflation as conditions change.

On the employment side, we know that the statistics are notoriously uncertain and difficult to interpret. However, unemployment did increase as business receded during 1953-54, becoming severe in some areas, industries and trades. But if we compare Department of Commerce figures for "unemployed" with figures for the "Total Civilian Work Force," we find that unemployment did not reach six per cent of the work force even at the high point in the spring of last year and now seems to be back below five per cent.

Despite these over-all data that hide the problem of local situations where lack of jobs has been acute, aggregate unemployment of this size can not be reasonably described as calamitous.

Moreover, despite the rise in unemployment, the income that people as a whole have left after paying taxes will have been about as large in 1954 as in 1953.

Corporate profits declined moderately as business activity began to dwindle slightly in the second quarter of 1953. But much of the shrinkage was offset by the reduction in business taxes. And profits as a source of investment funds have been supplemented by larger depreciation allowances to enable business to maintain high rates of spending for plant and equipment. Recent estimates of corporate outlays for investment in 1955 suggest that they may be only some five per cent less than in 1954.

Furthermore, the stupendous revision of the Internal Revenue Code

not in sight

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ROBERT PHILLIPS—BLACK STAR

enacted last year has not only corrected many injustices and inequities, but has also lightened the overall tax burden. The beneficial effects of this legislation are likely to be felt for many years.

All these pieces of evidence on behavior of prices, employment, personal income, profits, investment and taxes add up to a picture of a remarkably stable and prosperous country. The charge that the economy is "stagnating" is offset by the fact that the 20-year-long rise in prices has, at least temporarily, come to an end. So has the war boom engendered by the fighting in Korea but without any business collapse, or even any serious recession. The natural forces of the market, the \$7,500,000,000 in tax cuts, the rather modest measures initiated under the flexible monetary policy have combined to meet to a large degree the criteria of a sound, healthy, expanding economy.

But the picture is not so bright when we consider how the government has fared with its own financial problems.

The federal debt was around \$267,000,000,000 when the Eisenhower Administration took office. It has crept upward until it now is nudging the \$279,000,000,000 mark. During the past summer the law holding the debt limit to \$275,000,000,000 was eased to permit a temporary increase to \$281,000,000,000 until June 30, 1955. There is not much elbow room here.

Nor has it been possible to sustain, for very long, the hope that the federal deficit would be steadily cut.

That deficit for the fiscal year ending June 30, 1953, was \$9,400,000,000, most of which could be assigned to the appropriations and expenditures of the Truman Administration. By contrast, in June 30, 1954, the first fiscal year of the Eisenhower Administration, the deficit had dropped to \$3,000,000,000.

Up until a few months ago, it was thought that for the fiscal year end-

ing June 30, 1955, the deficit would be no larger than the \$3,000,000,000 of 1954, and might even be smaller. In that event, the cash budget would have been virtually in balance.

Recently, however, the deficit has been getting bigger than it was a year ago, while the Treasury again lives in the shadow of having to raise more money.

The deficit for the fiscal year ending next June will soon be going up to \$4,700,000,000, according to a Bureau of the Budget estimate made last September. This prospect can be mainly traced to recent tax reductions. In all fairness, though, it should be noted that more than \$1,000,000,000 of these reductions, and their corresponding effect on the deficit, derive from the abolition of various excise taxes—a step not included in the Administration's own proposals.

Almost as important as the actual budget figures are those for new sums the government has been authorized to spend. In fiscal 1953 such sums added up to \$80,200,000,000. In 1954 they went down to \$62,500,000,000 and will probably decline further in fiscal 1955 to \$56,600,000,000—a striking improvement in the government's financial position.

When we look at the structure of the debt, we see that, in the beginning of 1953, some \$148,400,000,000 of the \$266,800,000,000 federal debt was in marketable form, the balance being in savings bonds, special issues and other types.

Of this \$148,400,000,000, about 38 per cent was due in 1953 and an additional 11 per cent was callable in the same year. Even more importantly, about 65 per cent of all the marketable debt was to mature during the five year period 1953-57.

Thus the Eisenhower Administration inherited a debt structure heavily concentrated on the "short end." Any businessman who has had to deal with frequently maturing obligations will appreciate how confining that sort of situation can be. To reduce the impact of commit-

ments that have to be met too often, and over too brief a time, the Treasury has been trying to space them out.

As of Sept. 1, 1954, for example, the part of the marketable debt that would mature during the next 12 months was still 38 per cent, but the debt falling due within the next five years had been pared 14 per cent down to 51 per cent.

Some advance then, has been made in "lengthening out" the debt, but not as much as we might wish. One reason is that, as business activity declined in 1953-4, the Treasury ceased selling long-term securities, feeling that to issue them might absorb funds that would otherwise go into financing mortgages and business investment. Hence debt management was used to help stabilize economic activity.

This is a desirable, at times a necessary, procedure. Nevertheless, the passage of time continuously shortens the maturity of all obligations outstanding. The clock continues to run out on the Treasury, whose present pattern of maturities can not be called comfortable.

As we look ahead to 1955 and beyond, we would be blinking at the facts if we assume that the Treasury will have an easy job, or even much latitude in its choices. Despite recent tax reductions, the present tax burden is probably heavier than is compatible with the long-run welfare of the country.

However, the cold war and considerations of national security will continue to impose limits on what the Treasury can do not only to cut taxes further, but also to curb federal spending, balance the budget, shrink the debt.

In moving step by step, toward sound fiscal objectives, we must largely depend upon our growth in population, productivity, investment. At the same time, we can hope that the Treasury's clear-sighted policies of the past two years will long prevail.

END



EDWARD BURKS

Don't underestimate American strength

BY CHARLES E. WILSON
Secretary of Defense

AMERICANS today live in a new world. They face new problems, new opportunities, new dangers.

Militant communism, in addition to being a military threat, is a political, social and economic threat. For this reason I am sure the problems of the world cannot be solved by military power alone. We must be strong enough to win if we are so unfortunate as to have a third world war forced upon us, but at the same time we must realize that a third world war would create a series of new problems for both victors and vanquished just as did World War I and World War II.

We are determined to use our atomic leadership to serve the usages of peace, but we will take full account of our large and growing arsenal of nuclear weapons and the most effective means of using them against an aggressor if they are needed to preserve our freedom. We propose to share with our allies certain knowledge of the tactical use of such weapons.

Our defense must rest on the most economical and mobile use of trained manpower, and we must take steps necessary to create conditions of morale and security which will retain in the career service the required number of long-term personnel who have developed the essential skills.

For the foreseeable future our nation's defenses must be maintained in a high state of readiness. In addition, our current defense program requires an industrial mobilization base which can be converted swiftly from partial to all-out mobilization if that unhappy action is forced upon us.

The initial problem which confronted the Administration in 1953 was how to provide adequate military strength for the country and at the same time not resort to either higher and higher taxes or more and more inflation. It has not been an easy problem to solve. In spite of the progress that has been made, it continues to be a problem which the nation must face. In all of our considerations the security of our country has come first, but ways and means have been found for reducing waste and loose spending. As far as the Defense Department is concerned, drains on the treasury not contributing to increased military strength are being stopped.

Too much has been said about the rising power of the Soviets and too little about our own strength. In many ways neither the people of our country nor the people of other free nations appreciate the true strength of the United States.

We should remember that we are strong and our military strength continues to grow. Security considerations make it impossible to disclose the many new weapons, devices, techniques and other improvements we are making to keep us out ahead and protect our freedom. If it were possible to describe these weapons in detail and divulge their capabilities, I am sure the American people would be reassured regarding our military strength and the security of our country.

In our efforts to make world peace secure we should not at any time act like we are weak or afraid. We have confidence in our free system, and our purposes and objectives are clear.

Among the most important considerations in our effort to maintain greater deterrent strength without a comparable increase in force levels are the present strategic plans for all of our armed forces. These plans are being further implemented in the 1956 budget.

We have discovered many ways of saving money and at the same time improving our military establishment. The appropriation and spending of money alone will not give us the military strength we need. It must be spent efficiently and effectively for the right purpose.

The integration of new weapons systems into military planning has created new relationships between men and materiel which emphasize air power and permit over-all economies in the use of manpower. This is the course we are following. We do not necessarily seek the biggest air force in the world, but we do want the best and the most powerful. Our airplanes must fly faster and higher, and be able to carry greater loads over longer distances. Second best is not good enough; our country must continue to keep our air power out ahead. Our Air Force, our Naval, Marine and Army aviation; our air transportation systems; and our aircraft industry must be second to none. The safety of our nation depends upon it.

Expenditures for fiscal 1952 were \$38,800,000,000. Expenditures for fiscal 1953 were \$43,700,000,000. We spent in the fiscal year 1954 \$40,500,000,000—almost \$5,000,000,000 less than had been previously forecast. The estimate made last spring for fiscal 1955 was \$37,500,000,000, but we continue to find ways to stabilize production and save money and it now looks as though we will save another \$3,000,000,000 with a resulting expenditure for the fiscal year 1955 of less than \$35,000,000,000, while at the same time pushing our defense program as planned.

The '56 budget request for new funds will have to be increased over the \$29,600,000,000 approved by the Congress for 1955 and should approximate the \$34,500,000,000 appropriated for 1954. The excess financing from previous years has been largely used up, and shortly new funds appropriated will have to be approximately equal to expenditures. In the two years, fiscal '54 and '55, the carry-over funds—that is, approved appropriations not spent—will have been reduced from \$62,000,000,000 to \$45,000,000,000, a reduction of \$17,000,000,000.

In addition to maintaining large forces in being, the Defense Department will continue to need billions of dollars worth of equipment to keep our military forces up to date and ahead of any possible aggressor. We will need all kinds of improved weapons, including supersonic planes, guided missiles, radar and electronic equipment and new technical devices developed by industry and the services.

Certainly, until world conditions become clearer and more settled, we must stay out ahead and be prepared to protect our freedom. I am confident that we can continue to provide for our national security and at the same time maintain and improve the health and stability of our economy.

Our hopes, however, for maintaining peace abroad and freedom at home should not depend on arms and arms alone. We must take into account economic, social and political factors, as well as world opinion, in planning our national security. We must understand the importance of making an extra effort to get along with the other peoples of the free world and their governments. We want them, and even the people behind the Iron Curtain, to understand us better and realize that our country has no ambition to dominate more land areas nor any desire to impose our will or our institutions upon others.

We have sympathy and understanding for the peoples of other nations in their age-old desire to have individual freedom and personal security. We want the peoples of the world to understand that we have no ulterior motives in this regard, but only sympathetic interest. We are anxious that all peoples and nations should understand our sincere desire to do our part in helping to establish world peace.

END

Our strategy lacks

BY MARSHALL ANDREWS

IN THE first two years of Secretary Charles E. Wilson's business administration, the Department of Defense has very nearly put its managerial and fiscal houses in order. Its military house is about as chaotic as it could be.

Further progress toward an efficiently administered Department with a sharp eye on the productivity of every defense dollar may be accepted as foregone. Barring an improbable major shift in the public attitude toward means of national security, the prospect that the conduct of military affairs will improve seems slim enough. Essentially the problem is political as, indeed, it has been since 1784, and there is little any Secretary of Defense could do to alter it.

On the bright side of the picture, Mr. Wilson and his associates have hewn closely to their announced line of subjecting the Department to an operational overhaul. This they have done and they look forward now to showing clear and beneficial results in the next two years. With the five additional assistant secretaries Congress gave him in 1954, Mr. Wilson has further decentralized management. He now hopes to devote less of his time to operational details and much more to the promotion of research and development and to the improvement of new weapons.

Financially, the present Defense administration's record looks impressive. Mr. Wilson's announced policy when he took office in 1953 was to achieve the utmost reduction of military costs consistent with increasing combat effectiveness. There are those in Washington who will demur at claims that this policy has been held in balance.

But nobody can deny that the cost of doing the nation's military business has been cut.

The Department is reluctant to forecast further reductions, but does maintain that, barring an emergency, the cost line will be held about where it now stands. This expectation could

be upset by the generosity of a Democratic Congress. The principal cause of skull rapping among the Department's fiscal experts at the moment is Secretary Wilson's hope for a military pay raise. Mr. Wilson considers this raise badly needed to hold in the services the skilled technicians and trained leaders to whom present military inducements compare unfavorably with those on the outside. The problem is how to get it without either raising the budget or cutting back on manpower or new equipment or both.

So far, so good. It is in the area of military return for the money spent that differences of opinion lie, some of them bitter and violent.

Some of these differences are honest ones; many arise from service jealousies and rivalries which paradoxically have increased rather than diminished under unification and burn more fiercely today than ever before. The battle for public esteem, for position, for funds or for "dominance" is constant and unrelenting. It is made possible only because the public, most of whose tax dollars go to support the military establishment and whose sons are its blood and sinew, does not demand full, accurate and unimpassioned information on military affairs.

Partly because of this battle, and partly because of its own predilection for painless warfare, the nation is currently committed to an inflexible strategy based upon a defensive doctrine. Both the doctrine and the strategy based upon it have failed repeatedly in the role of power in support of diplomacy. When the only force available is total force, which offers no alternative to wholesale destruction, its application is necessarily limited to total war. It cannot be used, nor can the threat of its use prevail, in what have come to be known as limited wars. By virtue of this military inflexibility, diplomacy in a time of ruthless aggression is

limited to protests interlarded with promises not to fight.

The United States has got itself into a position very like a man who buys an elephant gun because it is the biggest gun with the biggest bang. Then he sits waiting for an elephant to invade his premises while the rabbits nibble his garden to shreds.

Even in the event of another world war, for which it presumably was designed, current United States strategy is notable chiefly for its inflexibility. It is primarily defensive since retaliation, whether "massive" or not, is an act of defense. It is a strategy of attrition, leaving the decision to the question of which of two civilian populations can longer endure its effects. It provides no alternatives to pure destruction; no chance for maneuver, no choice of means in compliance with change, no reserves of power, no direct pressure on the enemy's active military strength.

Least palatable of all, it depends for its viability on the enemy's acquiescence. Should the enemy choose to rule out nuclear warfare—and it is within the power of the Soviet Union to do so—the strategy and the doctrine underlying it would collapse, with nothing more formidable to take its place than undeveloped potential.

That, in brief, is the strategy upon which the Department of Defense rests the nation's case for security at a cost of more than 60 per cent of the taxpayer's dollar. It has remained in effect despite repeated demonstrations of its inadequacy short of total war. Collapse of the European Defense Community last August has kept in the realm of uncertainty the Allied land forces upon which rested the validity of the West's strategy in total war.

Regardless of what substitute may be devised for EDC, this uncertainty never will quite disappear.

It already has been noted that there is little the Secretary of Defense can do to alter this somber pic-

flexibility

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ture. Strategy is developed in support of policy, and policy is necessarily responsive to the public will. Americans historically have sought the jewel peace in the toad's head of weakness and historically have paid for their folly in lives and treasure needlessly lost. There have been indications in the past year of some degree of public awakening to the current futility and future indecisiveness of present strategy. Should this trend continue, it is likely that within a few years emphasis will be less upon weapons of indiscriminate mass destruction and more upon defeat of an enemy's armed forces by the direct application of military power. That is to say, the instrument with which the enemy makes war will regain its place as the target, to be met in battle by armies, navies and air forces designed to defeat it in battle.

But it is with current strategy that the Department of Defense dealt in 1954 and must deal in 1955. It is only natural that the military establishment should be weighted in favor of air delivery of nuclear bombs. The reverse side of the coin—defense of the base from which the bombs must be delivered—received attention only two years ago with establishment of the Continental Air Defense Command. Earlier moves in this direction came up against the reluctance of the Strategic Air Command, which sits in the Air Force saddle and consequently guides the military nag, to spend money except for the means to conduct "strategic" bombing. But the Continental Air Defense Command realized another Air Force ambition: to command Army and Navy forces. It is now in process of gradual improvement.

When the present administration of the Defense Department took office it found an Air Force of 103 wings, of which ten proved to exist only on paper and 30 were but partly ready for combat. Mr. Wilson's sub-

sequent moves to enforce economy in the Air Force and systemize its purchasing policies brought howls of anguish from the fifth floor of the Pentagon and fervent echoes from temporarily air-minded politicians. But, in the end, the Air Force found itself with more and better combat aircraft than it would have had without Mr. Wilson's firm guiding hand.

As it now stands, the Air Force can count up 117 wings toward its 1957 goal of 137. All of these 117 wings are regarded as combat effective; all fighter and most light bomber and medium bomber wings are jet-equipped. Heavy bomber wings have undergone a reported increase from seven to 11. But as a matter of fact, the size of a wing is a flexible figure, depending on the circumstances of the moment.

The Air Force has continued its policy of depending upon voluntary enlistments to fill its ranks. Disturbed at the reluctance of young men to volunteer after the threat of infantry service in Korea had passed, the Air Force obtained Defense Department consent to separate its recruiting service from that of the Army, where it had been placed as a move toward unification.

This has resulted in a reported increase in enlistments, but the Air Force still is far from its ultimate goal of 970,000 men.

The Navy, in strange contrast to the unification fury of 1949, has joined hands with the Air Force to slice up the nuclear pie. Navy people may say this is not so; one admiral said: "It's just that our ideas have come full circle. We are now at a point where they happen to coincide."

In any event, the Navy has prospered; it now has building or under contract five of the big carriers denied it in 1949; the first of these, the *Forrestal*, was launched in December. One atomic submarine is at sea and another is under construction. The fleet afloat remains about at the peak attained during the Korean

campaign, with 408 combat vessels and 723 auxiliary vessels in service, a total of 1,131. No increase is contemplated for the coming year and Navy personnel will continue just under 700,000 as at present.

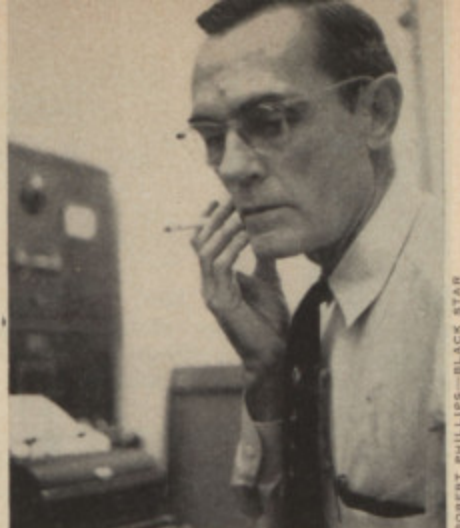
The Army, last in this accounting as it currently is in public esteem, has had to prepare during 1954 for what may be major alterations in its organization and tactics to meet the demands of nuclear warfare. This is so despite an opinion, rather widespread outside its own ranks, that its function in another war might not extend beyond that of policing bombed cities at home. Ever since it was reduced to 80 officers and men after the Revolution, the Army has learned over the years the technique of coming up from behind.

As it stands now, the Army must organize, equip and train its combat units to fight a nuclear war and, if necessary, to fight conventionally. It must plan and prepare to wage war on a world-wide scale or in some now unsuspected Korea. It expects to fight with allies but must be prepared to fight without them. It must take the men the draft gives it for two years, train them in highly technical skills, make use of their training for a few short months, and then lose them to civilian life just when they approach proficiency.

To meet its current obligations over the world, the Army now has a total of 23 divisions, infantry, armored and airborne. As 1954 ended, five were in Europe, three in the Far East and one in Hawaii. Of the 14 in the United States, six were training divisions and two were designed to test techniques of nuclear warfare. That left six for a strategic reserve, only two of which could be considered ready for combat at the outbreak of war.

In addition, there were 23 National Guard infantry divisions and four armored divisions in being or in

(Continued on page 79)





EDWARD BURKS

ANTITRUST REVISION TOP TARGET IN '55

BY HERBERT BROWNELL, JR.
Attorney General

DURING the second year of the Eisenhower Administration, activity of the Department of Justice resulted in solid accomplishment of lasting value in two fields: strengthening the federal judicial system, and successfully combating the communist conspiracy at home without injury to our constitutional form of government.

In the year ahead, the program of the Justice Department calls for progress of major proportions in two additional fields: revision of antitrust laws and administrative practices, and improvement of immigration laws and practices.

President Eisenhower, upon recommendation of the Attorney General, has now appointed more federal judges than any other President. This results from the creation by Congress of 30 new judgeships and the retirement of an unusually large number of sitting judges. Two new members of the Supreme Court, 12 Court of Appeals judges and 27 District Court judges have been nominated by the President. In other words, 15 per cent of the total number of judges constituting the federal judiciary have been named so far in his Administration.

Since these appointments are lifetime appointments, the method of selection is of considerable public interest. Any person is entitled to recommend a name to fill a judicial vacancy. Three tests are applied before a recommendation goes forward to the President:

1. Does the American Bar Association Committee on Judicial Selection, after consultation with lawyers of the community where the vacancy exists, have any objection to the appointment on the grounds of professional competence?

2. Does the FBI investigation show any defect in the character and standing of the person under consideration?

3. Do the senators of the state where the person lives favor the appointment?

Age and health of the person are also factors taken into consideration.

The President, of course, has complete freedom to select any person, subject to confirmation by the Senate. It is notable that every one of his nominees so far acted upon by the Senate has been confirmed by unanimous vote.

Other measures to improve the judicial system which we seek are adequate salaries for judges and appointment of public defenders for indigent offenders in federal criminal cases.

President Eisenhower recently said:

"There is no other subject or purpose in which Americans are so completely united as in their opposition to communism. Yet, is there any other subject that seems, at this moment, to be the cause of so much division among us as does the matter of defending our freedoms from communist subversion? To this problem we must apply more knowledge and intellect and less prejudice and emotion. We must not permit anyone to inspire quarrels that eventually find good citizens bitterly opposed to other good citizens, when basically all would like to be joined in effective opposition to communism."

Firmly believing in the Administration's goal of destroying the communist conspiracy here at home be-

cause, as the courts have held, it seeks to overthrow our government by force and violence, we in the Department of Justice have devoted a large portion of our energies to this problem. The results have been excellent.

Fifty top communist leaders have been convicted for conspiring to overthrow the government by force. Another 48 are under indictment and facing trial. In addition, we have obtained convictions of two for espionage in behalf of the Soviet; 11 others have been convicted for perjury or false statements and another 13 indicted. More than 125 have been deported because of their subversive activities. This constitutes an all-time high of success in court prosecutions in the field of subversion.

To strengthen our hand, we established several months ago an Internal Security Division. To aid in staffing this new division, and our other activities, we established a program of bringing into the Justice Department each year 30 top law school graduates, recommended by their law school deans.

This will materially raise the caliber of our professional personnel.

We all are aware of the fine investigative work in the field of communism by the Federal Bureau of Investigation under Director J. Edgar Hoover. Now the new Internal Security Division is concentrating on using the FBI reports to prosecute the communist conspirators under every applicable law.

In addition, we sought and obtained from Congress new laws which provide additional tools for the legal fight to keep our nation free. Among the laws enacted by Congress, which is part of the team in the fight against communism, was an immunity statute designed to prevent further abuse of the Fifth Amendment privilege against self-incrimination by persons questioned on subversive matters. It also will encourage others to give detailed testimony of their knowledge of subversion. The fruits of the new law will be seen in 1955.

Results of the wisdom of other new laws, such as that providing means to end communist domination of labor unions, will also become known in the year to come.

The year ahead will commence, in the Justice Department, with the report of the Attorney General's Committee to Study the Antitrust Laws. This committee is made up of 16 experts in the field—lawyers, economists and law professors, with government consultants.

Its object is to recommend changes in the antitrust laws and administrative practices which will strengthen our system of free enterprise, and facilitate enforcement of the antitrust laws by reducing the areas of uncertainty as to their meaning and effect.

Among the areas covered by the report on antitrust laws will be operations of American companies abroad, exemptions, mergers, distribution of goods, so-called fair trade laws, economic concepts of the antitrust laws, and procedural improvements such as the right to subpoena records in civil cases.

The co-chairmen of the committee are Assistant Attorney General Stanley N. Barnes of California and Prof. S. Chesterfield Oppenheim of the University of

Michigan Law School. When the report is received opportunity will be given the public to submit additional comments before the Attorney General makes his recommendations to the President and the Congress.

Enforcement of existing antitrust laws has not been slowed up while awaiting the committee report. In fact, the past year has witnessed as great activity in the antitrust field as in any year since the adoption of the Sherman Act.

This accords with the campaign pledge of the Eisenhower Administration, which stated:

"We will follow principles of equal enforcement of the antimonopoly and unfair-competition statutes and will simplify their administration to assist the businessman who, in good faith, seeks to remain in compliance. At the same time, we shall relentlessly protect our free enterprise system against monopolistic and unfair trade practices."

The Immigration and Naturalization Service was transferred to the Department of Justice some years ago because of congressional dissatisfaction with its operations. When this Administration was installed, we found almost a complete breakdown of the law regulating admission of aliens across the Mexican border, and widespread popular dissatisfaction with the treatment of aliens by the service. With the recent installation of a new Immigration Commissioner, Lt. Gen. Joseph M. Swing, the solution of these two major problems is set for 1955.

First, the uncontrolled entry of "wetbacks" across the Mexican border has been stopped. More than 178,000 illegal entrants were apprehended and sent back to Mexico, in cooperation with the Mexican government and local authorities. Some of these wetbacks were found as far north and east as Chicago and Detroit, working in industrial plants. Another 100,000 wetbacks returned across the border voluntarily when our law enforcement drive was commenced.

Altogether, this was probably the largest mass movement of persons by direct government action ever carried out in this country in a comparable period. It was carried on humanely and economically. Among the good results, aside from restoring law enforcement on the border, was the making available to American workmen of thousands of jobs formerly held by aliens illegally in our country. The State of California advised us that the drive resulted in a decrease of unemployment insurance payments of \$325,000 per week. Public health and local law enforcement agencies have immensely benefited.

During the coming year we shall seek new laws designed to make the new conditions permanent.

In order to facilitate more humane administration of the immigration laws, we are instituting a broad reorganization of the service, elimination of unnecessary detention of aliens, and examination of new immigrants before they reach our shores, wherever possible. New laws to eliminate hardships resulting from the inflexibility of existing statutes are also to be sought. Delays in naturalization of aliens are to be eliminated.

Protection of our heritage of freedom remains the major goal of your Department of Justice under the Eisenhower Administration.

Now that goal means many things. It means impartial law enforcement. It ranges from fighting subversion in any form to protecting one's right to vote; from keeping the government free of corruption to maintaining the freedom of enterprise which is the solid rock upon which our strong, healthy economy is based.

The American people are entitled to depend upon the Department of Justice to protect many of their basic freedoms. We shall seek to justify their confidence in the months ahead.

END



Dr. Fordham, dean and professor of law, University of Pennsylvania Law School, has been active in work for the bar associations at local, state and national levels

IN THE perspective of history the current period will, I fear, have a strong claim to the epithet "The Age of Unreason." The major problem of the national government and of our people today is that of reconciling national security with civil liberty.

It is cause for grave concern that there is an increasing imbalance at the expense of human freedom and even of the vital spiritual element in our security. It is true of nations as it is of men that there is no absolute external security system.

The essence of security is a quality of mind and spirit, a matter of inner strength and integration.

Faith in reason and the free interplay of ideas is being shaken by an approach to the problem of national security, which is at once negative and authoritarian. The natural desire to avoid danger has found expression in acts of repression and in measures of enforced conformity. The immediate relevance of these observations is that the Department of Justice, a citadel of reason, has not been spared the psychological virus of negativism and conformity.

Attorney General Herbert Brownell, Jr., is to be lauded for the aid he gave the Supreme Court, as a friend of the court, in the segregation cases. There he struck a blow for human dignity. On the whole, however, he has appeared preoccupied more with security measures than with civil rights and civil liberties.

In his first annual report for the Department a considerable section

Security quest threatens freedom

BY JEFFERSON B. FORDHAM

and several legislative recommendations are devoted to internal security but no reference is made to any responsibility of his Department with respect to civil liberty. He has not revived the suggestion that a division, concerned with these matters, be established in the Department. Meanwhile, a new assistant attorney general has been assigned to security problems.

It is only fair to say that attorneys general from both major parties have made proposals for legalizing wire tapping. Mr. Brownell has pressed hard for legislation which would give the Attorney General exclusive authority to institute a wire tap and would make evidence gained in that way admissible in criminal cases related to security offenses. Nor does he exclude sedition, although it is concerned with political thought and expression and presents great hazards to freedom of the mind and free speech. Even if a legalized wire tap were permissible only pursuant to court order, it would be a dragnet which, unlike a controlled search and seizure, would intrude indiscriminately into the privacy of people not under suspicion.

Are we at the point that to save our hides we must suffer resort by government to such stealthy intrusions into private lives? Might our chief legal officer not well place his emphasis upon the protection and effective assertion of the human values we are "for" rather than hammering the while at what we are "against?"

There is cause for concern over the Administration's security program governing federal employees. A system under which persons discharged for minor offenses unrelated to loyalty are grouped with communists, for example, under the general head of "security" surely bespeaks re-examination. The Attorney General, who has a responsibility in the matter, should take second thought, moreover, about a system which permits discharge for opinions expressed

under outdated conditions and now deemed indications of bad judgment.

One vexing problem which confronts the Attorney General and other officials under the government's loyalty and security programs is the individual insecurity which is created by the jeopardy of multiple investigation. If they were to develop a pattern of procedure under which there could be positive clearance as to the past, a tonic to morale in the federal service would be administered.

A second major issue involves the updating of the nation's antitrust laws. The report of the Attorney General's National Committee to Study the Antitrust Laws will be ready early in 1955. There is unusual interest in what such a group will recommend during an Administration with close ties to large business enterprise. Meanwhile, a few questions may be raised and comments offered here.

In the realm of substantive policy we are confronted by a number of issues. Is foreign trade somehow different from domestic commerce so that different standards should apply? How is the answer conditioned by considerations of international policy? Does the fact that an economic operation by an American firm in another country is governed by the municipal law of that country obviate antitrust procedures without regard to the impact upon American foreign and domestic commerce? Is there adequate basis for the position, which has been taken by some, that the Rule of Reason under the Sherman Act should be applied broadly to foreign trade, although in domestic matters there are restrictive practices, like price-fixing agreements, which are of themselves violations of the Act?

A recent development of international significance raises problems of reconciling antitrust policy and administration with national security measures. Considerations of national security were influential in the

making of the so-called "consortium" arrangement for the production of Iranian oil by a number of large American and foreign oil companies. It is reported that the Attorney General gave the American companies a favorable ruling under the Antitrust laws, which may be regarded as a practical immunity from governmental action under those laws. It may well be that in this case the course pursued faithfully serves the larger interests of the United States. At the same time, one may suggest that Congress should make the basic policy decision, that tips the balance against antitrust policy, by expressly delegating appropriate authority to the Attorney General.

There is the highly controversial question whether the antitrust laws should be applied more broadly to organized labor. Apparently Commerce Secretary Weeks is strongly of the opinion that the law should be so extended. In the present posture of the law, labor responsibility under the antitrust laws is confined to situations in which there is both labor and management participation in restraint of trade. It remains to be demonstrated that the law should be modified in either direction.

The question of bigness has not been finally answered as to either existing business organizations or those of the future. Here the Antitrust Division of the Justice Department has perhaps foreshadowed its future behavior when it blocked, by advisory opinion, a proposed Bethlehem Steel-Youngstown Sheet and Tube merger. The test may come in the automobile industry in which the independents have thus far managed to stay in the market by pooling strength in a series of mergers and in which even one of the three giants has found it necessary to resort to extraordinary measures in an effort to regain a favorable position.

In the sphere of antitrust administration and enforcement, Mr. Brownell has recommended legislation
(Continued on page 80)

HOW'S

H. ARMSTRONG ROBERTS

AN AUTHORITATIVE REPORT BY THE STAFF OF THE CHAMBER OF COMMERCE OF THE UNITED STATES

AGRICULTURE

Farmers face 1955 in better financial shape than the cost-price squeeze has indicated in the past year. The U. S. Department of Agriculture balance sheet of agriculture indicates that farmers may have absorbed much of the past year's income squeeze in their assets and liabilities.

The USDA estimates show a decline in equities from \$142,700,000,000 to \$139,300,000,000 during 1954, a drop of \$3,400,000,000. But \$2,600,000,000 of this is due to a lower estimated value of farm real estate, or a "paper loss."

The other \$800,000,000 represents the difference between the rise in financial assets and the combined losses from the decline in nonreal estate physical assets and the rise in liabilities.

This is about one half of one per cent of the total value of agriculture's assets as of the beginning of 1954 and is a rough measure of the year's impact of the cost-price squeeze on the farmers' financial position. The amount, \$800,000,000, is just equal to the drop in net farm income from \$13,300,000,000 for 1953 to \$12,500,000,000 that was estimated by USDA for 1954.

CONSTRUCTION

Indications are that 1955 should be another record construction year. A probable total expenditure of \$37,-

000,000,000 will make 1954 the largest building year on record.

Underlying strength that carried the industry buoyantly through the year will continue under general business conditions that show every promise of averaging better than 1954. Increases in new households and income will continue.

The rising volume of savings will augment the funds available for financing. It may be expected that banking authorities will not decrease the flow of mortgage money.

In addition, residential building will get the full impact of the more liberal financing terms provided in the Housing Act of 1954. Commercial and industrial construction should benefit from the more generous treatment of depreciation offered in legislation passed by the Eighty-third Congress.

CREDIT & FINANCE

In considering the President's highway program, publicly reported figures have ranged from \$24,000,000,000 to \$101,000,000,000. Here is the picture as we see it:

The Bureau of Public Roads estimates that \$101,000,000,000 will be required for highway construction in the next ten years. Of this, \$47,000,000,000 would be expended under existing rates. Of the remaining \$54,000,000,000 the federal government is expected to finance \$24,000,000,000, with most of it going to the in-

terstate system. The states and local units are to take care of the \$30,000,000,000 worth of construction which rounds out the total.

It is anticipated the President's Advisory Committee on a National Highway Program will recommend the establishment of a separate agency—possibly after the pattern of RFC—to issue revenue bonds secured by revenues from the federal gasoline tax which brings in about \$1,000,000,000 a year. After allocating \$550,000,000 a year to the states and localities for road construction, the remaining \$450,000,000—plus increased revenues from augmented traffic—is considered enough to support 30-year three per cent revenue bonds. Creation of such an agency would also take this financing problem out of the current budget and permit a more favorable, though less realistic, financial prospect.

DISTRIBUTION

Retailers, wholesalers and service proprietors enter 1955 with great confidence regarding the volume of business available. Competition, however, is the key problem. Price wars of major proportion seem inevitable because of changes in traditional relationships with suppliers in many lines.

Although customers will be the short-run gainers, there is danger that the constant improvement of distribution methods may be set back many years. Efficiency and constant reductions in consumer prices can be achieved only under conditions of stability.

Eventually, firm policies on prices and terms of sale must be worked out between retailers and their suppliers.

Distributors should also be alert to minimum wage developments during the coming session of Congress.

FOREIGN TRADE

A significant step in the progress of hemispheric prosperity and security will be made in New Orleans when the Inter-American Investment Conference meets from Feb. 28 to March 3.

The conference is a result of a suggestion by the International Development Advisory Board, which concluded that private capital will

BUSINESS? a look ahead

provide the most effective long-range answer to Latin America's need for development funds. The Board felt that the present flow of United States capital into the countries to the south should be and could be stepped up with benefit to the investor, to the country concerned, and to the strength of the Americas as a whole.

The conference is being organized both as an assembly and as a workshop. Representatives in Latin America are now preparing data regarding specific investment opportunities which they hope to discuss with U. S. interests.

An Investment Opportunity Service will be operated during the New Orleans conference as a means of bringing together U. S. and Latin American businessmen interested in the same fields.

GOVERNMENT SPENDING

Will the budget planners be able to cut expenditures for fiscal 1956? The new budget, due to appear shortly after the middle of this month, will answer this question.

It doesn't look as though the overall total for 1956 will be much below the present year. This year's estimated expenditures of \$64,000,000,000 actually are not expected to run quite that high, due to the continued economy pressure from the White House, the Budget Bureau and the Treasury, and there is no doubt that further operational savings can be achieved in 1956. Threatening to offset these are increases in various special activities and in some of the government's welfare and service programs.

While a business pickup may improve the revenue picture, a counterfactor is found in the tax changes voted in the 1954 congressional session. Prospects for a sizable increase in tax receipts are not too bright.

It all adds up to another year of deficit financing.

LABOR RELATIONS

The period ahead offers openings for substantial gains by labor. That's the feeling in Washington at the present time.

Some recent decisions of the National Labor Relations Board are being met with increasing criticism

from AFL and CIO officials. Therefore, union groups can be expected to bring pressure to secure an appointment to their liking when President Eisenhower appoints a successor to Albert C. Beeson on the five-man Board.

Achievement of this objective by labor could open many doors for them. What the unions seek is to throw the balance of Board decisions in their favor.

Until the President appointed three new members, many management spokesmen had been critical of the Board, feeling that it shaped a pro-union course. Since the new Eisenhower majority has been at work, however, most employers believe the Board has pursued a more middle-of-the-road course.

The key man in this critical problem is Secretary of Labor James P. Mitchell.

As the top labor adviser to President Eisenhower, his endorsement of a candidate is important.

NATURAL RESOURCES

Lumber's prospects for 1955 may be viewed with a feeling of restrained optimism. Optimism is based on improved market potentials. Restraint is due to the stiffer competition lumber faces.

Several factors will seriously affect lumber's market, according to the National Lumber Manufacturers Association. One is the issue posed by the recent strikes in the Douglas fir region. Higher production costs will hamper wood's ability to compete for construction markets. Decreased procurement of lumber by the Corps of Engineers and increased research by wood's competitors are also factors.

On the credit side of the ledger, the brightest entry is the continuing brisk demand for lumber. Home building and repair for the new year are expected to exceed 1954. Schools, hospitals and accelerated dispersal of industrial buildings will mean extra sales of lumber.

TAXATION

The Internal Revenue Service recently released a number of tax reporting forms and instruction sheets for several of them. Progress on the

new regulations, however, has been much slower than expected. Two reasons are cited: the unsuspected magnitude of the task, and the insistence of the Treasury that each new regulation be letter-perfect.

The Service has been aiming at maximum definition consonant with speedy release while the Treasury has insisted upon the necessity of mature consideration to assure complete accuracy. Meanwhile, taxpayers of all degree are beginning to clamor for guidance in the preparation of their 1954 returns.

Internal Revenue Service has also announced it will resume issuing rulings on inquiries which pose a question answerable by the terms of the new tax law. Rulings will be issued also where the taxpayer can establish that one is needed prior to publication of the regulations because of a business emergency, or where he can show that failure to obtain a ruling will result in unusual hardship.

TRANSPORTATION

The moderate business dip during 1954 is expected to show varying effects on the nation's interstate transport carriers when final figures are reported several months from now.

Despite the over-all decline, new records are expected to be reported by air carriers, petroleum pipelines, and barge operators. Air carriers will show sizable gains in passenger traffic, as well as high tonnages of cargo, express, and mail.

Petroleum pipelines will report all-time highs in volume of tonnage and gross revenues. Barge carriers will likewise chalk up new traffic records.

Truck transportation will show a slight gain as a result of an increase in traffic handled by nonregulated carriers.

Regulated truckers will report about a four per cent decline in revenues and tonnage.

Hardest hit will be the railroads and buses. Rail carriers are expected to report a 13 per cent drop in gross revenues and a ten per cent drop in carloadings. Bus companies will also show declines.

The over-all outlook for 1955 among transportation carriers can be classified as "mildly optimistic."



EDWARD BURKE

BY ARTHUR E. SUMMERFIELD
Postmaster General

Rates up deficit down

ONE DAY recently my secretary laid a letter on my desk saying, "I don't see how we do it."

I looked at the letter. It was addressed to her and the return address in the upper left hand corner showed it came from her parents in the Midwest. It was an ordinary letter, regular first-class three-cent mail, neither airmail nor special delivery.

"But letters from Mom and Pop always take three days to reach me in Washington," my secretary said.

I looked at the postmark. It had been mailed the day before. Then I knew what had happened. It had traveled by air, in the Post Office Department's new experiment of airlifting regular first-class three-cent mail on a space-available basis without the priority accorded to six-cent airmail. The result was that it had reached Washington in just one third the usual time.

The expansion of the airlift tests to the West Coast was one of the innovations of 1954, but only one of the improvements undertaken by the Post Office Department. In less than two years we have moved a long

way toward our objective of improving service while at the same time reducing costs and deficits.

The Post Office Department has been pulled out of the age of the quill pen. In the process, we have revived a concept laid down by Benjamin Franklin and somehow lost in recent years. The Post Office Department is now run for the convenience of the people, not of the government.

Gone are days when your local post office closed early, leaving you unable to mail a package or even buy a stamp after work. Gone are days when your mail would lie overnight in your neighborhood box, even though you deposited it at a reasonable evening hour. Gone are the days when the postal service was so inefficient that it was the butt of comedians' jokes.

The signs in 1955 are of a dynamic new postal service. Other signs, equally important, show an economical postal service, too.

A deficit of nearly \$4,000,000,000 occurred in the eight years before we took office. That cost the American taxpayers about \$100,000,000 a year in interest alone. We cut the deficit from \$635,000,000 in fiscal 1953 to \$399,100,000 in fiscal 1954, and we are planning further cuts in the direction of balancing our budget.

These, then, were the highlights of our postal progress in 1954—economy and better service.

Many elements contributed to this one big accomplishment. The size of the Post Office Department must be considered in relation to such an achievement. For example, the receipts are more than \$2,500,000,000 a year; employes total more than 500,000; there are 30,000 vehicles used daily; and 40,000 post offices operated. "Sales," or pieces of mail delivered annually, total more than 52,000,000,000—more than 300 pieces for every man, woman and child in this country. Our rural route carriers alone travel more than 1,500,000 miles each day.

Hence, for the "new look" postal service, our accomplishments include millions of individual actions—ranging from a sale to one of the millions of philatelists up to a major policy decision on the location of one of our new "lease-purchase" facilities.

But, for convenience, the accomplishments of the new Post Office Department might be broken down into two categories: improvements in the postal career service, and improvements in techniques, procedures and policies.

New improvements in the career service mean, for example, more job security, new prospects of a pay scale based on duties and responsibilities as well as performance, improvements in morale and new employee benefits.

We eliminated a backlog of 7,000 employee suggestions and increased employee participation in the suggestion program. Good ideas were adopted and employees rewarded promptly. We set up the first modern employee and supervisory training program in the history of the postal service. Merit examinations were offered to give career employees a chance at advancement to better jobs. In decentralizing administrative authority and management functions from Washington to regional offices, career employees were selected for the vast majority of the regional jobs.

The Department's safety record, worst in the federal government, is now well on the way to correction through a live-wire safety program including a nationwide safe-driving program for drivers of postal vehicles.

Finally, the Department cooperated in the Administration's successful efforts to obtain a number of substantial benefits for federal workers, including postal personnel, such as unemployment compensation, group

life insurance, uniform allowances, and employees' incentive awards programs.

These, then, were accomplishments of the new management in improving personnel operations. These accomplishments were backed up with a second group of achievements—those in the field of improved techniques, procedures and policies.

Postal experts made studies which revealed the fact that collections from many boxes were timed unrealistically. We also learned that some boxes occasionally had been skipped altogether in the pickups. Corrections were quick and thorough.

Reassignments of top experienced personnel helped bring about reductions in "dead" mail. A cut of 12.64 per cent in dead parcels was reported in the third quarter of 1954, for example.

In transportation improvements alone, the Post Office Department saved more than \$75,000,000 of the money Congress allocated for the purpose. Modern rural delivery to the farm home continued to supplant hundreds of small out-dated fourth-class offices; bright, new highway post office buses were speeding delivery and pickup of mail in areas where other transportation was not feasible.

Expensive contracts for carrying of mail were readjusted in line with actual volume of mail carried and service performed.

In a related field, the Post Office Department in 1954 began its lease-purchase program, under which millions of dollars worth of new postal facilities will be obtained for the taxpayers without additional cost. They will be paid for like rent, in much the same manner a prudent American buys his own home.

Also, in the Department's real estate program, great steps are being taken in coordinated planning of postal facilities for large metropolitan areas.

On Dec. 6, 1954, for example, a meeting was held between the top personnel of the Department with the New York Port Authority to pool all information on the metropolitan area of New York for future postal needs in terms of physical facilities and the basic economy of the New York area. This is the first time planning of this sort has ever been done in the Post Office Department.

In 1954 the Post Office Department began a general housecleaning of its records accumulations. On one record alone, it threw out a pile of paper that would stand miles high.

Also in 1954 the new Post Office Department revised into common sense the postal rules and regulations, and issued for the public convenience in one easy-to-read publication, of less than 300 pages, all of the public interest material on the postal service formerly scattered through 4,000 pages. Improvements were provided for publishers, mail order houses and the public generally in the process.

Progress also was made in the matter of policy decisions geared to a better mail service. For example, the Post Office Department will apply to the fullest the provisions of the Communist Control Act of 1954 and related statutes on the use of mails by communists, as individuals and organizations.

No details of the scope and manner of this application of the law to communist mailings can be made at this time. The broad language of the statute deprives the Communist Party of "any rights, privileges and immunities which have heretofore been granted to said party or any subsidiary by reason of the laws of the United States, or any political subdivision thereof." This language and similar provisions of the law are presently being studied to determine whether they may

The great

be interpreted completely to deprive communist organizations of all mailing rights and privileges.

Under a general heading of improved operations come some other policy decisions we believe to be in the public interest.

Restoration of twice daily mail deliveries was studied carefully. We believe that the cost, \$80,000,000, would be excessive in relation to the slight additional service that would be given. The overwhelming bulk of mail was and is being delivered anyway to addresses in one delivery. Result: a decision in favor of the taxpayer, to save the \$80,000,000.

In still another related field, we are continuing research of electronic devices for improved postal service. One device of special importance would provide automatic distribution of mail, at great savings—and with, incidentally, no loss of jobs for career employees. These experiments will be continued in the future.

And, speaking of the future, the Post Office Department faces two major problems at the beginning of 1955. We are determined to consolidate and refine the gains of 1954, but we must also plan for further increased postal revenues and for salary adjustments for our personnel.

We cannot spell out these recommendations before their formal presentation to the new Congress. However, some broad general details are available. The Post Office Department expects to repeat in 1955, for example, its recommendations for legislation which would help balance the budget, particularly in the matter of new postal rates.

The Post Office Department plans to ask Congress to raise the cost of the three-cent stamp to four cents for out-of-town letters. We believe it still will be the best bargain in the world.

Other rate increases to be proposed will be equally moderate.

The Post Office Department today is struggling with a postage rate structure that has not been revised in many respects since pre-World War II days. It is seeking rate adjustments to bring them more closely in line with today's costs.

Otherwise, increased costs of new pay adjustments for employees, which will be suggested to Congress, would pose an immediate obstacle to our goal of eliminating the deficit.

However, the long-range benefits to be achieved through such an adjustment would, by providing a pay system based on incentive, improve Post Office Department operations and efficiency, and it is not believed a proper wage adjustment would be a lasting obstacle to placing the Post Office Department on a businesslike, nondeficit basis.

We will recommend salary legislation which would provide a realistic means of evaluating a position and paying an employee on the basis of his skill and the job he performs.

This would abolish the present wage jungle which has approximately 92 different rates and pay ranges, but still does not provide appropriate salaries for actual duties performed.

For example, present standard job titles are so limited that we have been compelled to classify a physician as an "assistant superintendent of mails." A graduate nurse was classified as a "clerk in charge."

There can be no doubt but that we have made progress, but there still is much to be done to raise the Post Office Department's efficiency on an economical basis. We will continue to pursue this course in the future and hope to have at this year's end an even more dramatic progress report to make.

END

GIVE or take a few millions, the postal deficit for the year ending June 30, 1955, will amount to \$300,000,000. For the average head of an American family this means that he will be picking up a tab for \$8—in addition to what he and his family pay for their stamps and other postal charges.

This is a far cry from the \$18 that the \$720,000,000 deficit of 1952 meant to him; or the \$17 that the 1953 deficit of \$663,000,000 levied upon each family. Yes, the postal situation is looking up.

But, lest one think the problem is solved, it is only fair to note what the Canadians quite reasonably consider to be a desirable norm. From 1933 through 1953, the Canadian postal service made money in 19 out of the 21 years. Our own Post Office Department showed a surplus for only three of the same 21 years—1943, 1944 and 1945.

Some \$200,000,000 of rate increases and numerous economies have accounted for the major portion of the past two years' impressive reductions in the American postal deficit. The rest has come from the transfer of subsidy items back to the user agency. Specifically, \$80,000,000 of airline subsidies have been placed in the Civil Aeronautics Board; and the cost for \$36,000,000 of franked mail is now being charged to the Congress or the agencies which send the letters. Previously these items had been buried in the Post Office Department's own operating expenditures.

These budgetary reductions offer proof that the Postmaster General is moving ahead vigorously.

Startling changes are taking place throughout the whole postal system. Nor are these changes just matters of painting all postal vehicles red, white and blue. They are far more fundamental and are meeting some resistance. The reaction to the economy-efficiency proposals of the Hoover Commission showed that wielding a broom around that Department is scarcely welcomed.

The Postmaster General despite

unmentionable | postal politics

internal and external opposition has a two-pronged program for reducing the deficit: a rate increase designed to raise revenues greatly, a continuing and concerted drive to reduce expenditures by better management.

There is a possible third prong which so far has not been evident as part of his program. Added to the other two, it could minimize the need for rate increases, and accelerate the drive for better management. That prong, however, seems to be a great unmentionable — elimination of politics from postal operations.

The underlying philosophy of this "Summerfield pay-as-you-go plan" as it stands today is that the Post Office need not lose money. On March 31, 1954, the Postmaster General himself stated it as follows:

"The Hoover Commission in 1949 said that the Post Office is predominantly a business operation and potentially self-sustaining. That is our view. There is nothing inconsistent between its responsibility as a public service and its definition as a business, and nothing inconsistent between its ownership by the government and the payment of its costs by the users."

He fought for this plan in 1954. It has been made abundantly clear that he will do so in 1955.

In presenting his proposal for increased rates to the Congress, the Postmaster General will not win the battle by default.

The Department's position, generally speaking, is that users of each class of mail should pay enough postage to cover the cost of that particular class of mail. Or, if these rates should not be high enough, users who are being subsidized should be required to go to Congress and get annual appropriations to make up the difference.

As a first step, the Department in 1954 supported legislation that would have increased rates by an estimated \$240,000,000. The legislation was not approved.

When a similar rate bill is introduced in 1955, a battle royal will almost surely take place. It may be

that 1955 is the year when Congress finally decides whether the Post Office is "fundamentally a public utility . . . and that the total cost of these services should be paid by the users and not from general taxation" — as the Department says. Or, 1955 may be the year when the Congress says whether the Department is "fundamentally a public service . . . and that it shall further reflect the contribution of each class of mail to the general welfare . . ." as recommended by the Advisory Council of the Senate Post Office and Civil Service Committee.

Regardless of the outcome, a good rate solution will make for better postal administration.

No matter what happens to rates, 1954 will go down in history as the year when the Post Office did more to improve its management than in any year of the past 100.

Most important and fundamental of all the changes is the Post Office transformation from a centralized Washington bureaucracy into a decentralized operation, as the Heller and Associates Task Force of the Hoover Commission first proposed. Fifteen regions are contemplated. So

far, eight have been established, covering 24,225 post offices serving 96,000,000 people.

Previously, 40,609 post offices and numerous other organizations reported directly to the Postmaster General in Washington. With this number of direct subordinates there were not enough seats in Washington's Griffith Stadium for him to hold a staff meeting.

Results from decentralization are already apparent. For the first quarter of the fiscal year 1955, targets were set for each area. Wherever a regional program was put into operation, an effective rate of improvement of over 50 per cent was achieved. Where no regions had been set up, the improvement was only about one per cent.

Among the other striking improvements are these:

1. The postal regulations — over 4,000 pages of dense print — have been reduced to less than 300 pages of understandable directions.

2. In the Department in Washington, 820 tons of obsolete records have been removed — an amount that would make more than 100 piles as

(Continued on page 84)

Messrs. Coates (right) and McCormick are partners in Coates and McCormick, Inc., of Washington, a firm specializing in government research. They were staff assistants with the first Hoover Commission and for its successor Citizens Committee

EDWARD BURKS

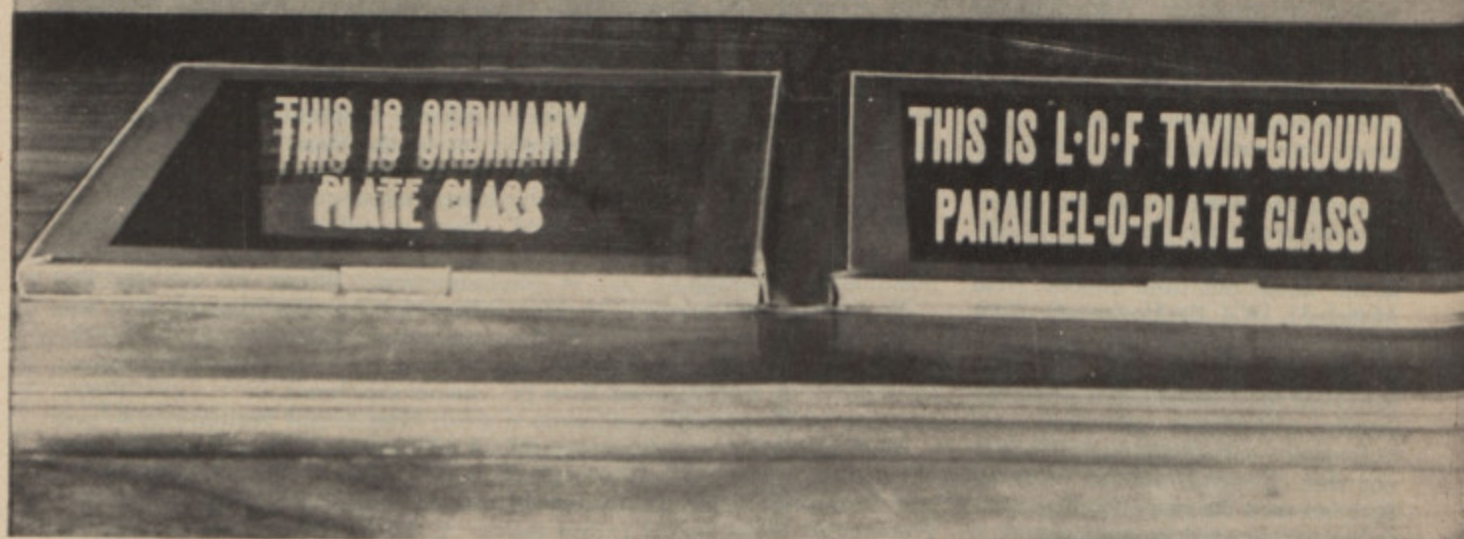


WERNER WOLFF—BLACK STAR



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LOOKING IN through the Parallel-O-Plate Glass in a storefront, you hardly know the glass is there.



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Why does merchandise look better through a Parallel-O-Plate Glass storefront?

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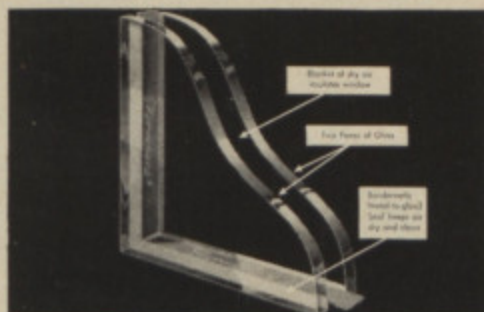
Because this amazing new plate glass is *twin-ground* — the first and only *twin-ground* plate glass made in America!

At first this L·O·F glass was reserved for fine mirrors and military optical instruments. But now it is available for general use—and it will change the face of America.

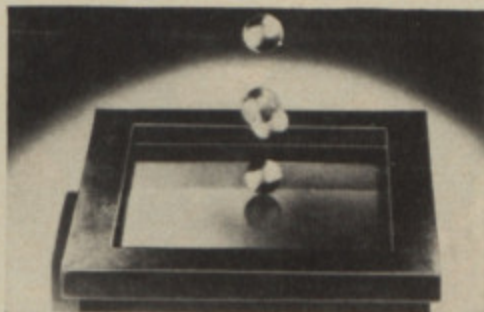
Distortion in glass sometimes results from poor installation but most frequently is due to a lack of parallelism of its two surfaces.

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Parallel-O-Plate Glass

Finest plate glass made in America...only by **LIBBEY·OWENS·FORD**
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LOOKING AT windows of Parallel-O-Plate Glass you see how much its truer reflections mean to exterior appearance.

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GOVERNMENT CAN'T DO IT ALL

BY DOUGLAS MCKAY

Secretary of the Interior

THE Department of the Interior has moved forward on many fronts in 1954 in our continuing effort to insure proper conservation and wise development of all the nation's natural resources.

The major accomplishments of the Department in this period have been keynoted by the application of the partnership approach, placing emphasis on federal cooperation with state, local, and private interests in the over-all task of sound resource development.

This partnership philosophy, actively supported by President Eisenhower, embraces many specific policies. The record of the past year demonstrates, I believe, that the partnership plan fully recognizes the public interest in resource development and faces realistically the responsibility of the federal government to participate financially to obtain the great potential multiple uses of our undeveloped resources. At the same time,

we have frankly and honestly recognized that the task of resource development is too vast, especially in the present state of the budget, to be carried out by the federal government alone. Those who contend that we can carry the tremendous defense expenditures of the moment and also sponsor, for instance, all of the projects for water use and control which may be desirable are either misinformed or are attempting to mislead the public.

The task of changing the day-to-day ways of government to accord with a policy of partnership and local initiative and away from increasing federal domination is not easy. Nevertheless, we look forward with every confidence to greatly increased benefits which will flow to all of our people from the full realization of this policy in the years ahead.

In 1953 and 1954 we were engaged to a large degree

in the essentially undramatic job of digging the foundations. We are now engaged in erecting the structure—one which I am convinced will win the enthusiastic support of all those who are sincerely interested in a balanced program of resource development.

Public attention during 1954 was focused on the manner in which the Department implemented its new power policy, adopted in August, 1953. Under this policy, progress has been made in encouraging local participation with the federal government on a partnership basis, and in the marketing of the power for the benefit of the general public, including preference to public bodies at rates as low as possible.

During the Eighty-third Congress several bills incorporating the partnership approach to water resource development, as well as several important projects for construction by the Bureau of Reclamation, received approval.

There were also convincing evidences that local initiative, if given the chance, is prepared to tackle water problems vigorously and constructively. In the Pacific Northwest alone—an area in which new starts on power projects are urgently needed—states, local government agencies, and private initiative are ready to spend an estimated \$2,000,000,000 for the development and control of the water resources of the Columbia River basin. This is the type of constructive approach which is needed and which we have enthusiastically supported.

I have been well pleased at the response of public groups to our policy of encouraging local participation and partnership with the federal government in the development of hydroelectric projects. For example, in the Columbia basin, more than 60 per cent of the license and permit applications filed this past fiscal year, in terms of generating capacity, would provide for local public power development. Nearly half of those filed for the nation as a whole were from such public agencies.

While thus encouraging the numerous local interests which are anxious to invest in water resource development, the Interior Department has worked steadily on its own contributions to water resource development.

Existing projects of the Department's Bureau of Reclamation are now providing full or supplemental irrigation for almost 7,000,000 acres and generating and marketing almost 5,000,000 kilowatts of electric power. In addition, the Department is marketing power from hydroelectric plants constructed by the Corps of Engineers. These plants have a capacity of more than 2,000,000 kilowatts.

In view of the need for increased power development and water storage for irrigation and other purposes, the Department will actively support in the Eighty-fourth Congress authorization of other feasible partnership projects. Interior also will actively support federal construction of projects such as the Libby Dam on the Kootenai River in Montana and the Colorado River Storage Project, which cannot be undertaken by local enterprise.

It is also expected that the report of the President's Cabinet Committee on Water Resources Policy will result in sound and coordinated water resources legislation fully reflecting the seriousness of the nation's water problem.

Our purpose in working to assure an adequate water supply for the nation, perhaps the major problem the Department faces in 1955, shall be keyed to the challenge of the President when he appointed the Cabinet Committee. He said: "If we are to continue to advance agriculturally and industrially we must make the best use of every drop of water which falls on our soil or which can be extracted from the ocean."

In the field of minerals and fuels, the adoption of a national minerals policy as developed through the Cabinet Committee on Minerals Policy will henceforth provide affirmative guidance in the conduct of federal minerals programs and actions. This is the first over-all minerals policy ever established. It is expected that our national security and economic development will be greatly enhanced by its implementation.

Similarly, a basic energy policy providing for the best use of all our energy resources, as indicated by the Cabinet Committee on Energy Supplies and Resources, is imperative. Making this policy effective will be a prime objective of the Interior Department.

As a result of the settlement of the offshore oil controversy through legislative action vigorously supported by the Eisenhower Administration, offshore oil production is expected to increase very substantially in 1955. Leases, by the Department, of oil lands on the continental shelf adjoining Louisiana and Texas late in 1954 will result in bonuses and rental payments of more than \$150,000,000 to the federal treasury, an income which will be enhanced further by royalty payments by the private lessees.

Recognizing the problems faced by the coal industry, the Department is working actively to develop new uses for coal. Research projects by the Bureau of Mines on the effective utilization of coal will receive continued emphasis.

Much greater production of minerals and fuels through multiple use of our public lands can be anticipated in 1955 as a result of legislation passed by the Eighty-third Congress with full Department support.

Some 60,000,000 acres of public lands under lease for oil and gas production are now open also for mineral development. Previously, mineral development was excluded from lands in this category. On the other hand, millions of acres of public lands on which mineral development will undoubtedly occur have also been opened to lease for oil and gas production.

The policy of integrating our Indian citizens into normal community life, with full consultation with the Indians themselves, will undoubtedly make great advances during the next two years. The Department will continue to sponsor legislation designed to terminate federal supervision where the Indians are ready and willing to assume the full responsibilities of citizenship, and where the state and local governments are prepared to render them normal community services.

One of the administrative achievements in which the Department takes the greatest pride is the intensive drive of the Indian Bureau to provide schooling for all Navajo children of school age.

During 1955 the Department also looks forward to sponsoring a more active program of construction and developmental activities in the National Park Service areas. A greatly accelerated program of construction of parkways, roads, and trails in the national parks should result in making these areas more accessible and more enjoyable.

In carrying out all of its activities, the Department has strived, and will continue to strive, for better public service. The implementation of the management surveys of all the Department's bureaus and offices, conducted during 1954 by outstanding citizens from private life as well as by career government personnel, is expected to result this year in better coordination of the Department's activities, substantial dollar savings, as well as more rapid and efficient public service.

All in all, I am confident that 1955 will be a year of substantial progress toward our goal of securing from our national resources the greatest benefits for the largest number for the longest period.

END

Democrats threaten power policy

BY WILBUR ELSTON

STORM clouds are gathering over the Eisenhower Administration's "partnership" policy for the development of the nation's natural resources.

As a result of the 1954 congressional elections many Democrats in Congress feel that their party has a mandate to challenge the Administration's policy of asking the states, local communities and private business to assume greater responsibility for resource development.

Richard L. Neuberger, for example, the new Democratic senator from Oregon who campaigned on the conservation issue, believes that the partnership program is in for "a lot of rough water ahead." Senator Neuberger ran more against Secretary of Interior Douglas McKay, a former Oregon governor, than against his Republican opponent, Sen. Guy Cordon. So perhaps it is natural for him to regard his victory as a warning to the Administration to change its policy.

There is no indication, however, that either the President or Secretary McKay will make any major change in their partnership approach. Both will try to do a better selling job to the American public, and a series of "sales" meetings are being held in various parts of the country for that purpose.

Secretary McKay likes to quote the late Gifford Pinchot's definition of conservation: "The farsighted utilization, preservation and renewal of forests, lands and minerals for the greatest good for the greatest number for the longest time."

The Secretary has adopted this definition as the guiding philosophy of his Department, and this approves of the use of resources today "in such a fashion that they will continue to be of use to future generations." He feels that his critics come largely from the extremes. On one extreme are those who want a "hands off" policy which would lock up the re-

sources forever and permit nobody to touch them. On the other extreme are those who would exploit them to the utmost, thinking not of conservation but only of immediate gain.

In the row over the Dixon-Yates contract, McKay has been largely an interested spectator. But this is essentially a struggle between those who want further government development of power and those who want power production and distribution to be handled in the main by the private utilities.

While the Dixon-Yates contract has no direct connection with the Interior Department, the public versus private power battle is the same one that is being fought in Interior. The Tennessee Valley Authority wanted to meet the increased demand for electricity for new atomic installations by building a new steam generating plant. Instead, the Administration proposed that the private companies headed by Messrs. Dixon and Yates combine to supply TVA with sufficient power to replace the current to be furnished to the atomic plant.

Just as Secretary McKay is standing firm on the partnership approach in his Department, so is President Eisenhower holding the line on the Dixon-Yates contract. In a letter to the Joint Congressional Committee on Atomic Energy, he said, in part:

"It seems to me that all of the arguments for the construction by the federal government of the additional steam plants ignore this one and very important truth: If the federal government assumes responsibility in perpetuity for providing the TVA area with all the power it can accept, generated by any means whatsoever, it has a similar responsibility . . . to every other area and region and corner of the United States of America."

This partnership issue is coming to a head in other regions.

In the Missouri basin, for example,



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Mr. Elston, a Cowles newspaper executive, is a former Washington correspondent who has specialized in Interior Department affairs

there already is talk by public power advocates of the need for government steam plants to firm up the power that will be available when all of the giant Missouri River hydroelectric plants are completed. Private power companies naturally feel that they will be able to do that job if the government will permit them to do so.

Actually, the combine formed in the Dixon-Yates deal had precedents. The Atomic Energy Commission had signed similar contracts with other private companies to supply atomic installations at Paducah, Ky., and Portsmouth, O. In addition, the Interior Department encouraged a group of private companies in the Pacific Northwest to form a new combine to plan improvements of more than \$1,000,000,000 in Columbia River basin installations in the next 20 years.

Several other groups of companies are planning water and power developments in other sections of the country, either on their own or in

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TRADE MARK

An independent analysis of **INTERIOR**

continued

partnership with federal and local public agencies.

Private power spokesmen frankly credit the Administration's partnership policy for their willingness to plan future expansion. They say that the Interior Department's encouragement should make it possible for private industry and local public agencies to meet most of our rising power needs.

Of course, they are not yet satisfied. Last summer, when a Hoover Commission task force held hearings around the country, private power companies demanded that the government stay out of the power business entirely, end the tax-free privileges of public power agencies, and eliminate the preference granted to cooperatives and public bodies in the sale of public power.

Under the Administration's program, private utilities also have been encouraged to do more research into the possibilities of using atomic reactors to produce electric power. The utilities want to move into this new method of producing energy when and if it becomes economically feasible. If they are ready when this time arrives, they will be in a better position to offset the demands already being made for the government itself to go into the atomic power business.

While the public versus private power battle tends to overshadow all other issues in the Interior Department, additional skirmishes have occurred. Most of them have been prompted by the fear that a department that emphasizes a partnership with the states, local communities and private business is not being sufficiently militant in protecting the nation's natural resources.

For example, the Administration's plan to construct the Echo Park dam in the Dinosaur National Monument area of Utah has been sharply criticized. Even the National Park Service's own advisory board strongly opposed this proposal.

Similarly, the Department has been criticized for its efforts to reduce its supervision over American Indians. Some states with large Indian populations, for example, feel that they lack the resources to finance the necessary welfare, relief, education and other services that many Indians still will require even after being freed from federal trust-

teeship. In some of these areas, too, there have been complaints that legislation to get the federal government out of Indian affairs has been prompted by the desire of unscrupulous promoters to get possession of valuable Indian timber, oil, gas, uranium and other holdings.

Criticism of the policy of continuing to expand reclamation work at a time when food surpluses are at an all-time high has become so widespread in Congress that the National Reclamation Association took official note of it. The association ordered a study of the food surplus problem in order to answer the question put by eastern members of Congress as to why they should vote to tax their constituents for money to build more reclamation projects when the nation already has too much food.

Obviously, the best answer is that a growing population soon will find need not only for the nation's food surpluses but also for the production from additional thousands of acres of reclaimed land. The Bureau of Reclamation points out, too, that 86,922 persons applied for the 1,838 farm units that it has opened since the end of World War II. This shows that farmers and would-be farmers realize the increasing importance of productive land to a people with a rapidly increasing population. The bureau in fiscal 1954 opened 289 more new farm units totaling 34,126 acres, and plans to open about 6,000 additional units containing more than 115,000 acres in the next four years.

Indicating its growing concern with this subject, the cabinet-level committee headed by Secretary McKay plans to present a new national water policy to Congress early this year. The aim will be to obtain legislation to permit effective cooperation between the federal government and local interests in the financing, planning and development of water resource projects.

This is further evidence that the Administration plans to expand rather than reverse its partnership program. In discussing this subject recently in Kansas City, Mo., Interior Undersecretary Clarence A. Davis pointed out that the federal government no longer is either able or inclined to carry on singlehandedly the gigantic task of developing the nation's water and land resources. He re-emphasized that rules and regulations drafted on a national level can work serious injustice in their local application.

The Geological Survey already is making a study of the nation's water resources and the extent to which

they can be developed without depleting the supply or impairing the quality. As part of its work, the Geological Survey is making a systematic inventory of the potential water power and storage sites on all streams affecting public lands.

One of the most important areas for such studies is Alaska. It has the greatest undeveloped supply of water power of any United States possession or area. Interior Department officials feel that Alaska is on the threshold of an enormous development that will translate its resources into productive assets. The opening last year of a multimillion dollar pulp mill near Ketchikan represented the first large-scale use of Alaska's huge forest reserve. Many oil companies are exploring and leasing oil lands, while drilling actually has been started in some areas. Although Alaska already has yielded untold riches in gold, copper, coal and other minerals, the full extent of its mineral resources is not yet known. Currently, the Interior Department is emphasizing the building of new roads to make these riches accessible to the outside world.

In view of the territory's swing back to the Democratic party in last fall's election, there is little likelihood of the Administration pushing for Alaskan statehood in 1955. It would be difficult for President Eisenhower to veto such legislation, however, if the Democratic Congress passed it. It would be particularly difficult if the Hawaiian and Alaskan statehood bills were joined again.

Secretary McKay normally is placid and easy-going, but he can get his back up. One way to get him angry is to accuse him of giving away the nation's resources. That accusation led him recently to assert with unaccustomed vigor that the Eisenhower Administration isn't going to scuttle the reclamation program, the Bonneville Power Administration or any other agency in his Department. Nor does he have any plan to discard the preference clause in the marketing of federal power, to give away the Central Valley project in California or to scuttle any other project anywhere in his gigantic domain.

He feels that the partnership concept of resource development is "both realistic and practical," and that it is winning support at the grass roots. In the Democratic Congress, Secretary McKay will face a tough fight to continue his partnership program, but this veteran of two world wars has the reputation of never avoiding a good scrap. He'll need all his personal resources for the battle shaping up in 1955. **END**



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CHEVROLET ADVANCE-DESIGN TRUCKS

Farmer's prospect brightest ever

BY EZRA TAFT BENSON

Secretary of Agriculture

THE GREAT thing in this world, Oliver Wendell Holmes once wrote, "is not so much where we stand, as in what direction we are moving."

So far as agriculture is concerned, we are going in the right direction. We are removing the handicaps that were shackling agricultural progress. American agriculture now stands on the threshold of an era of tremendous opportunity, perhaps the greatest it has ever enjoyed.

There are at least five areas in which agriculture has been given new impetus in the right direction during the year just past. They are legislation, prices, research and education, reorganization of the Department of Agriculture, and marketing.

The Agricultural Act of 1954 clearly charts a new direction for American agriculture. By providing flexible and realistic price supports, this Act will help move more farm products into markets at home and abroad. By encouraging production of grain for livestock feeding rather than for government storage, it will help farmers produce the kind of diets American consumers want. And, equally important, it will help correct the present unbalanced production patterns, promote good farm management, and encourage greater freedom in farming operations.

The Agricultural Trade Development and Assistance Act is another achievement of important meaning for the future. It authorizes the President to carry out a \$1,000,000,000 program for the sale of surplus agricultural commodities for foreign currencies and the use of such commodities for foreign assistance. Under this Act, our Commodity Credit Corporation can use surplus commodities for famine and relief needs, in barter and exchange for strategic materials of use in foreign economic and military programs, for donation to pub-

lic and private relief agencies, and for the school lunch program. But what is of even larger significance is the over-all principle behind this law—the principle of using our abundance, not letting it lie dormant in storage.

Other legislation allows farmers to charge off for income tax purposes certain soil conservation practices. Farmers are now eligible for the old age and family security benefits of the Social Security law. Additional health facilities of special importance in rural areas are to be provided. These and other legislative measures enacted in 1954 constitute a highly significant advance for American agriculture. We are moving in the right direction.

The decline in prices that began in 1951, proceeded rapidly in 1952 and continued at a slower pace in 1953 and 1954, seems now to have run its course. Farm prices averaged about 89 per cent of parity in 1954, a drop of five points on the index since we took office. But in the two years before we took office farm prices dropped 19 points on the parity index.

We expect prices of farm products in 1955 to average about the same as in 1954. On balance, we expect net farm income in 1955 to be close to that of 1954.

There has been a change in direction also in the emphasis given to agricultural research and education. We believe that the biggest element in successful farming is not what Washington does for agriculture by way of direct subsidies and payments, but what farmers do for themselves on their own farms by adopting improved methods. This Administration is the first to attempt to give research, especially marketing research, the important place it deserves in the agricultural pic-



ture. In the current fiscal year we are devoting \$20,000,000 more for research and educational work than in the preceding year.

But all of the agricultural research in the world is of little practical value unless it is put to work on the nation's farms. We are emphasizing the need to take research to the field faster and more effectively, explaining to farmers not only how to use it but why it is vitally important that they do use it.

The reorganization of the Department that began in November, 1953, marks another significant change. It has brought excellent results in improved service and more efficient operation. Under it, the marketing services of the Department were integrated into one agency—the Agricultural Marketing Service—instead of being scattered over a wide area as in the past. Similarly, the research services of the Department were integrated in the Agricultural Research Service. We are making, for the first time, truly coordinated efforts to press forward with our research and marketing operations on a unified basis. This is real teamwork and it is paying dividends.

The reorganization abolished the regional offices of the Soil Conservation Service and gave the state offices larger responsibilities. Forest Service has been given additional assignments that clearly fall within its purview, and several of the national forests have been consolidated to make for more effective administration.

Finally, we have stressed marketing campaigns in cooperation with industry groups. The success of the dairy and beef campaigns particularly shows what can be done. Beef consumption per person reached the highest level on record in 1954—79 pounds.

Government buying of dairy products in 1954 during the months of April through September was down

26 per cent from the preceding year. Commodity Credit Corporation bought not one pound of butter from Sept. 17 through Oct. 27. Our disposal programs have moved more than a billion and a half pounds of dried milk, butter, and cheese since July 1, 1953. Consumption of dairy products is increasing and we are getting into position to take advantage of the tremendous opportunities that exist in dairying. We are definitely moving toward a better balance of supply and demand.

Despite the new and healthy shift of direction in agriculture, there are still many problems ahead. We do not minimize, for example, the need to bring supplies in line with demand. There is no sense in producing excessive reserves which eventually wind up in government hands. Production controls are still imperative in 1955, and they are being used. We have set the acreage allotments for this year's wheat crop at 55,000,000 acres. We have announced allotments for marketing quotas on the 1955 cotton crop.

Using the authority given us under the Agricultural Trade Development and Assistance Act of 1954, we are pushing ahead vigorously with our disposal programs. Under these programs we will export more cotton, wheat, tobacco, and feed grains. Export agreements have been arranged with a number of countries and negotiations are going forward with others. Exports in fiscal 1955 may be some ten per cent higher than in the preceding year.

On the home front, too, our emphasis on marketing will be increased in 1955. The success of our merchandising and promotion campaigns in cooperation with industry groups proves that much can be accomplished along these lines.

The reports of increased milk consumption in the

schools, due to the increased funds authorized by Congress, are highly encouraging. Fragmentary reports show that a number of schools in Iowa have experienced increases in milk consumption ranging from 50 to 100 per cent.

Through these and other concerted efforts we confidently expect to make further progress in 1955 in the important tasks of using our abundance and bringing agricultural supplies into better balance with demand.

We shall push ahead with programs to help farmers to help themselves. In this area the Extension Service is emphasizing the "farm unit approach," which looks to the development and effective use of all the resources and productivity of the individual farm. The farm unit approach will develop more top farmers in this country—and we need many more top farmers.

In his message on agriculture last January, President Eisenhower directed us to give further special attention to the problems peculiar to small farmers.

The 1950 census showed that 45 per cent of the American farms produced only one twentieth of the value of products sold. That census also indicated that there were 1,500,000 farm-operator families with incomes of less than \$1,000 a year. During 1954 we conducted an exhaustive study of what can be done for the underemployed and low-income farm family. Without going into details, it is evident that it will be necessary to assist low-income farm people in improving their resources; to provide opportunities for off-the-farm jobs; and to improve rural education, especially in the field of vocational training.

Another problem that is becoming increasingly important is the wise use and conservation of our water resources. In 1954 our Soil Conservation Service had under way work on some 60 watershed demonstration projects. These are all scheduled to be completed in five years.

Such are the problems that confront us. They must be attacked with intelligence and perseverance if the bright promise of the future is to become reality.

We have made a good start. We are headed in the right direction. We are moving toward a solution of our problems of surpluses, of unbalanced production, and of stunted markets.

That is why I am optimistic about both the short-term and long-term outlook for American agriculture.

The achievements of recent decades in production, marketing, and living conveniences seem sure to be surpassed in the years ahead. Already we see close at hand amazing advances in food.

Powdered tomato and orange concentrates are now a reality. Eventually, and I hope soon, we shall have a frozen whole milk concentrate and powdered whole milk which may aid the dairy industry somewhat as frozen concentrates have done for fruit.

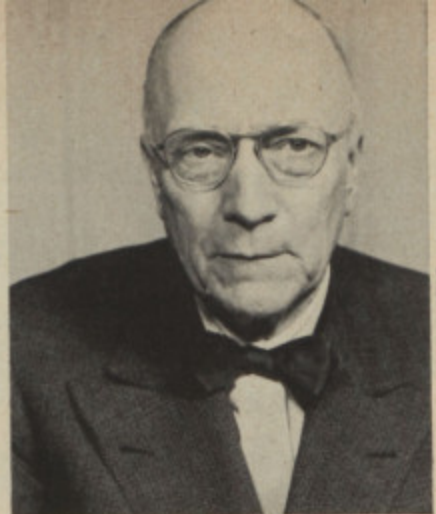
Today we are standing on the threshold of what may be the most revolutionary development of all time in agriculture—the harnessing of the atom for a variety of new peacetime uses.

Nuclear research may make it possible to speed up the growth of plant life in such a way that more than one crop may be harvested each season. It may make possible mutations and other livestock breeding advances which will completely change our present marketing cycles. Steers may be finished in much less time than is now required.

Rain-making may become a normal part of crop production. Deserts may bloom.

These are exciting times. I can't think of a better place to spend the next quarter century than on an American farm.

END



ANTHONY LANE—BLACK STAR

Dr. Jesness, head of department, Institute of Agriculture, University of Minnesota, has written widely on national farm problems

THE bloom is off the boom for U. S. agriculture.

Back in 1947, the net income of our farmers hit the all-time peak of \$16,700,000,000. But the figure for 1954, when all the data are gathered, will be around \$12,500,000,000 and the prospects are that this will go lower by about \$500,000,000 in 1955.

On this basis, the farmer will have had about a 25 per cent decline in earnings over a nine-year period; and he may well believe that this is excessive in comparison with other occupational groups, whether in business, the professions, or in the ranks of labor.

On the other hand, the picture is not as dark as it is painted by various farm spokesmen and politicians. It is true that farmers are feeling the squeeze between some drop in prices and continued generally firm costs. Yet prices are not on a toboggan, nor are costs on a skyrocket.

The fact is that, despite all the tumult and the shouting, 1954 has been a year of considerable stability in prices.

Even though eggs, for example, were among several weak spots, other commodities, such as corn, held their own, and still others, such as beef, registered gains. And the over-all index of prices paid for farm products is still running close to the 1951 level which, if not the high road to opulence, was not over the hill to the poorhouse, either.

Meanwhile, political talk and the competition for leadership positions among farm groups have led to exaggerations about the role of supports in the decline of farm prices.

The mandatory supports on wheat, cotton, tobacco, corn, peanuts, and rice will persist at 90 per cent of parity until the 1955 crops are harvested. Only at that time will the

There's no miracle medicine for farm ills

BY O. B. JESNESS

shift to the variable 82½ to 90 per cent range take effect, and even then the indications are that the bottom figure will apply solely to wheat.

The question facing the Administration, Congress, farmers and the public generally is: "Where do we go from here?" Are mandatory price supports a sure cure for all of agriculture's ailments?

Apparently quite a few people are looking to the Eighty-fourth Congress to "save" the nation from lower and flexible price supports. This attitude will be reflected in a variety of moves in coming sessions of Congress to restore, continue, or extend high rigid 90 per cent supports and to ease production controls.

But what will happen if the Administration in 1955 can again muster votes enough to maintain the sliding scale of the 75 to 90 per cent system? And if it succeeds in this, won't the dilemma of excess farm supplies that have been piling up in recent years be solved?

If agriculture were up against a single simple problem we would be justified in seeking a single simple solution. But the problems are legion.

Of pressing concern at the moment is what to do with the surplus stocks which have been built up by the price support program. Although the Congress authorized a "commodity set aside" up to \$2,500,000,000 to take care of surpluses, this action does not cause them to vanish into thin air.

Some observers argue that we should get rid of the surpluses before we lower any supports. If we did this, however, it is not unlikely that the same people would next contend that the need to lower supports would no longer exist. And if this approach should prevail, we would

then go merrily to work again rebuilding our surplus stocks—not an inviting prospect.

Another easy out, often advocated, is to expand our food consumption. But just how easy is this in a country as well fed as our own?

Nor is it as simple as it sounds to move our food surpluses to undernourished peoples beyond our borders. It is very difficult to earmark and to transport vast quantities of grain or butter and the like without disrupting our own market patterns and those of other countries.

We are not alone in seeking outlets for various farm products.

Nevertheless, two price schemes—a cut-rate price for sales abroad, and a regular "fair trade" price for sales at home—will in 1955 continue to be urged upon Secretary Benson and the Congress.

Yet our experience with the International Wheat Agreement, which the U. S. signed, together with several other nations to stabilize the world wheat market, indicates that such international arrangements provide no easy answer.

Contrary to popular belief, farm surpluses are not the result of reduced demand. They result instead from abundant production. And they are also specific, not general, in nature. To grasp their significance, we have to look at individual commodities, among which wheat is today our most pressing problem.

We immensely expanded our wheat acreage during World War II and in the immediate postwar years to meet the rest of the world's needs. We exported wheat in large volume to Western Europe, for example, because its fields were devastated by battle, and because our dollars, under the Marshall Plan and other foreign aid programs, enabled West-

ern Europe to buy from us. Now, however, Western Europe has not only recovered but even increased its wheat-growing capacity. Other exporting nations also have more than ample stocks. There is not a market in sight to which we can sell all the wheat we stand ready to produce unless we want to subsidize impoverished "have-not" countries with funds with which they can purchase it from us.

If this were only a temporary situation and if all wheat were alike, market quotas and acreage restrictions, applied across the board, would be the answer. But what we require is a longer-run adjustment, fitted to each class of wheat. Lower prices will encourage some farmers to shift from wheat growing to something else. Certainly lower prices will increase the use of wheat for livestock feed, and make it easier to export.

However, in some areas—such as the Southwest—where a great deal of grassland was plowed up for wheat, another approach is in order, that of providing financial inducements for returning some wheat land to grass. Over the long term this could save the taxpayer money. And in the year ahead Secretary Benson may well spearhead a move to get such a program under way.

While cotton is not in as tough a spot as wheat, some adjustments will have to be made here with special emphasis on developing nonagricultural job opportunities for workers released from cotton growing.

Butter reflects a considerable shift in consumer requirements and preferences. The decline in bread eating has meant less table spread. At the same time margarine has been gain-



\$39,000 missing ...and so was one of our trusted employees!

(Based on Company File #130975)

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A routine audit eight months after she came with us disclosed many irregularities in her accounts. We started an investigation. But the woman and her family suddenly disappeared.

It didn't take long to find out why. She had been systematically stealing funds almost from the first day she started work. All told, in just seven months on the job, she had taken over \$39,000!

Stories like this are not unusual. Pick up your newspaper, and there's a good chance you'll find one like it.

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Even so, he need not lose money because of employee dishonesty. A Hartford Blanket Fidelity Bond offers solid protection against that risk. It covers *all* employees. It pays for losses of money, merchandise or other company property stolen by *any* of them.

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ing decidedly in its race with butter and to raise butter prices by restoring 90 per cent supports will handicap it in that race.

Elsewhere in the dairy province we find that the supply of cheese is definitely ample, while a growing population daily enlarges milk consumption which is further helped along by some decline in prices.

Although dairy products have their troubles, they are not comparatively anywhere near as difficult as those plaguing wheat.

The cattle outlook, from the view of the stockman, is more promising for 1955. Prices dipped sharply in the fall of 1952 and in early 1953 when a lush market elicited the response of overproduction—a typical cycle situation which illustrates the tenacity of the supply and demand equation. However, as the number of cattle being raised keeps going down, as at present, prices will correspondingly go up. The number of hogs still appears to be on the upswing. Poultry and eggs which were also "over-produced" in response to earlier attractive prices, can be expected to show some downward adjustment in production in the months ahead.

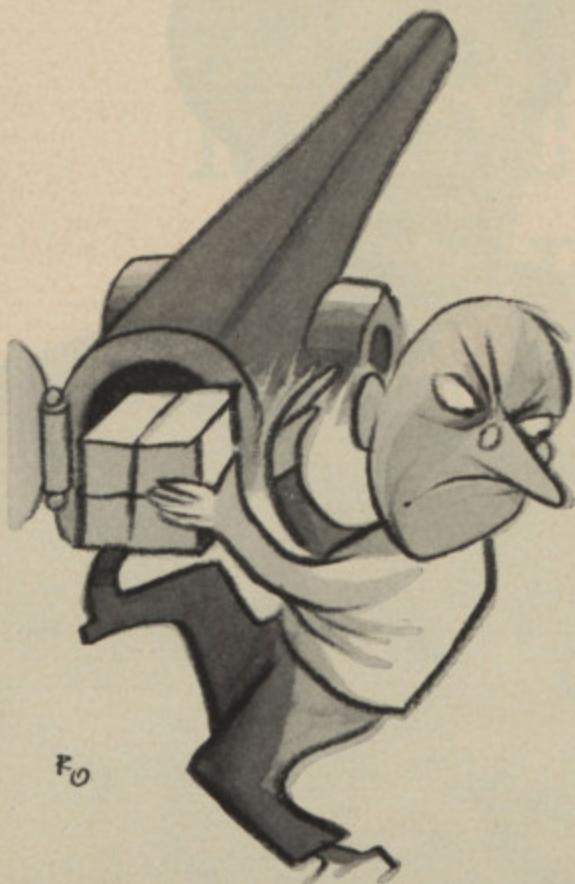
Since price supports are not in effect on these products, the farmers who produce them depend for their prosperity upon their ability to assess the price, diet and related trends that are in the free competitive market.

Recently Secretary Benson has been under fire by some critics who seem to be pained by any reference both to the farm-to-city movement of population and to the increasing size of farms. The Secretary is charged with wanting to get farmers, especially small farmers, out of agriculture. Such critics forget that the movement of people toward the city has gone on since colonial days.

The net effect of this change from the rural to the urban has been to lift farm productivity (70 per cent since 1939) with the result that levels of living have been raised for both the farm and nonfarm segments of our population.

Those who profess to fear that our farms are becoming too big have as yet to prove that the individual farm unit is on the way out. Actually, we should focus our attention on how to increase the size of units which are too small to provide enough income for good family living, rather than to be troubled about farms getting too big. It will be a very long time, if ever, before the Department of Agriculture will have to worry about bigness in farming in the way that the Justice Department's antitrust division has to worry about bigness in business.

END



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MORE ROADS MORE SHIPS MORE AIRPORTS

BY SINCLAIR WEEKS

Secretary of Commerce

A COMMERCE DEPARTMENT duty is to keep tabs on the economy and to report the facts straight without distortion or bias.

In sizing up the situation, we find that in 1954, the American people, encouraged by the sound policies and actions of their government, used their private enterprise system to attain record peacetime prosperity.

Further economic growth in 1955 is probable, if an environment that is favorable to business progress is maintained.

A long-range view of the next ten years arouses confidence that our dynamic industrial machine is capable of enormous expansion and benefits far beyond today's living standards, if we use it wisely.

So, it seems to me that one of the best things the Commerce Department can do for this nation is to encourage the wise use of our dynamic industrial machine.

That's what we've been trying to do in 1954 and plan to continue in 1955. We're in there all the time pitching for private enterprise—opposing attempts to weaken it, recommending legislation and providing service that helps it.

For example, we believe we have established in the Department a friendly climate in which businessmen, representing concerns of all sizes, may sit down and discuss their problems with officials and expert personnel who talk their language and try to help them with sound advice, accurate information and service of value. We listen to the ideas of business in regard to government policy and action.

Our aim is to encourage business to succeed so that prosperous business can make jobs for workers, profits for investors and better goods for customers, and perform many other services for the entire public.

To that end, adequate funds and personnel have been provided to strengthen the Department's business services in the areas of domestic and foreign commerce.

The new Business and Defense Services Administration receives complaints as to government competition

with private industry. Cases are investigated by the operating agency. Where no justification for such government enterprises exist, Commerce attempts to provide steps by the agency involved to eliminate such competition.

Surplus property disposal now is handled with the cooperation of the Defense Department so as not to demoralize markets. Proposed sales are listed in the Department's daily published report on federal contract awards and proposed procurements.

A new simplified Defense Materials System is in operation in defense and atomic energy production. Most of the paper work, required from prime contractors and principal suppliers of component parts, has been eliminated. In the event of future emergency, the new system will save thousands of small concerns from costly red tape and frustrations and yet provide for rapid, orderly production expansion.

Approximately 2,000 representatives of large, medium and small businesses, together with trade association representatives, met last year with government officials in industry conferences and special meetings. Their objective has been twofold: to advise on what government can do to help specific industries to strengthen their economic position and to develop plans for defense emergencies.

Among subjects considered in conferences were tax revisions, government competition, controls, small business, distressed industries, Taft-Hartley improvements, antitrust, foreign trade, tariffs, stockpiling materials and skills, employment, various phases of transportation and other matters of great concern to the business community and the public.

One of the biggest tasks facing BDSA in 1955 is the completion of programs gearing our industrial potential to meet the estimated requirements for full mobilization. Most of the industrial expansion goals have been attained or are well on the way toward fulfillment. But the 25 industry divisions of BDSA are constantly reviewing, company by company, the capacity of de-

fense-supporting industries in the light of changing military concepts.

In the event of war, attack upon our industrial centers would be a definite possibility. BDSA and the managements of essential industries are working closely to prepare for continuity of production under disaster conditions.

Last year the President recommended to Congress for study a foreign economic program intended to expand trade, stimulate investment, help bring about currency convertibility and reduce the need for direct aid. We shall work for the adoption of his program.

But in the meanwhile the new Bureau of Foreign Commerce is busily engaged in studies and in activities to increase trade, tourism, investments, etc. Through improved guidance publications and expanded news services, the BFC is disseminating more and better information on foreign markets, business conditions and trade leads.

Announcements of NATO construction projects open to U. S. bidders are now made through news releases and the *Foreign Commerce Weekly*. Business is alerted to foreign developments—such as in Korea, Formosa, Spain, Yugoslavia and Pakistan—which create export, import, investment and licensing opportunities. In all cases the Bureau follows through with guidance for those interested. The popular series of country investment handbooks—latest volumes, Pakistan and Union of South Africa—is continuing.

Export controls on shipments to friendly countries have been eased and simplified greatly. Licenses are granted faster. Formerly 63 per cent took longer than a week for clearance; now 50 per cent are acted upon in three days and only 25 per cent take longer than a week.

Control has been tightened over illegal trade with communists. In the first 18 months of this Administration more than 43,000 suspect transactions were checked and probable transshipment or diversion to the Soviet bloc prevented in at least 1,200 cases.

Recently the United States and its allies painstakingly reviewed and redefined what is to be considered strategic goods. It was decided that greater security could be achieved by more effective enforcement of a shorter list of highly strategic items.

The export control system will continue to be under constant review. Technological developments, intelligence information and changing supply conditions all affect what is strategic, and it may become advisable from time to time to drop some items and add others to the prohibited list.

A major move to increase U. S. world trade in 1955 is greater participation by our government and industry in important international trade fairs.

Foreign fairs are an effective channel—neglected in recent years—for selling American merchandise and displaying our tremendous production for peace and human well-being. Our industry representatives at these fairs will be ambassadors of good will.

The Department is carrying out several vital new programs in the field of transportation, including the biggest federal-aid airport program since 1951, the largest peacetime shipbuilding program and the greatest two-year federal highway program in history.

This nearly \$2,000,000,000 road project boosts aid to the states 50 per cent. The states' matching money will add another \$1,500,000,000, making an over-all mutual undertaking of about \$3,500,000,000. Bureau of Public Roads officials estimate that the current highway program generates 177,000 man-years of labor on an annual basis in highway contracting and indus-

tries supplying steel, construction machinery, paving materials, etc. On the same basis the new program will require 251,000 man-years, the equivalent of 251,000 full-time jobs—a 40 per cent increase.

Big as this program is, dilapidated and outmoded highways and traffic bottlenecks are so prevalent that a further step-up is necessary. As directed by the Federal-aid Highway Act of 1954, I shall report to the Eighty-fourth Congress on the cost of completing the various systems of highways, methods of financing, and the feasibility of toll roads. For this study the Bureau of Public Roads has, with the assistance of the states, made the most complete survey of highway needs ever undertaken.

The Bureau is working very closely with the President's Advisory Committee on a National Highway Program, headed by Gen. Lucius D. Clay, supplying it with data on highway needs and finance.

As the result of studies by the Bureau, the President's Advisory Committee, the National Governors Conference and the Congress, I am confident that legislation can be enacted in 1955 to provide a great modern highway system.

The impact will be tremendous. The program will provide speedier and cheaper transportation of goods from farms and factories to consumers, stronger national defense, more pleasurable and safer motoring. Fine new highways will encourage increased travel and create a bigger demand for automobiles.

In 1955 the Department will be able to present a new wealth of statistical material as data is compiled from the Censuses of Agriculture, Manufactures, Mineral Industries and Business (wholesale, retail and service trades).

New electronic computer equipment is being installed at the Bureau of the Census to speed up returns. The Department has worked in close cooperation with the Chamber of Commerce of the United States and other representatives of business in selecting census questions of greatest value to businessmen. The information developed from the questionnaires will provide guidance for any businessman who seeks to check his performance against competition, compare costs, locate plants, shape product development, plan advertising campaigns, establish sales quotas and in other ways expand his market.

We are speeding up and improving the collection of other facts. For example, a new "flash" report by the Census Bureau gives preliminary retail trade totals ten days after the close of each month. The full report, 30 days later, contains business trends by regions and other new data not previously gathered.

The Bureau also has expanded from 68 to 230 the number of sampling areas on which its monthly estimates of the labor force are based. The Commerce Department now releases this information jointly with the Labor Department's employment statistics in order to provide an integrated picture of the employment situation.

The founding fathers were realistic optimists. They saw the wilderness as the land of opportunity and progress. That old-fashioned faith in America's future has been revived. It is no longer smart to be a near-sighted pessimist and to plug for alien ideologies in economic thinking.

People today have confidence in their President, their government, their enterprise system and in themselves. As 1955 opens, confidence seems to be the most significant spirit. The Commerce Department in the coming year hopes to plan and act for free enterprise in such a manner as will add to this spirit.

END

Commerce needs stronger role

BY ARTHUR B. BURNS

THE UNITED STATES Department of Commerce has confined itself too strictly to providing grist for the mills of others. It needs to define for itself a larger mission, or remain subordinate in policy matters to others less sympathetic to the business community.

Despite its great importance, Commerce is overshadowed even in the area where it ought to lead. The Treasury, Agriculture, and Labor Departments generally interpret the economic scene, using Commerce data, and collecting all the headlines. In Washington the economic tune is more likely to be called by the Treasury than by Commerce.

Nevertheless, Commerce is on the road back. For 20 years it suffered neglect, and worse. But the future brightened with the new Administration and its pro-business slant. Not that Commerce is back to the position it had under former President Hoover. It has a long way to go, but 1954 was a big step in that direction.

In 1955, the Department probably will press forward with new, big programs aimed at developing the nation's highways, airports and merchant marine.

Secretary of Commerce Sinclair Weeks and his staff have changed, in outlook and methods of operation in their two years in office.

Their first year was rough on the Department. As new men inexperienced in government, they went to work slashing funds, functions, and personnel. Something of the sort was needed, but they went at it too abruptly and too roughly.

In 1954, after a rocky start, the top command in Commerce learned the ways of government. They know their Department and their jobs. It's a team now trying to knit together

the sprawling bureaucracies that make up the Department.

A second development during 1954 was a change in outlook. Economy is not measured by the cuts in payroll. Saving money this way in fact can waste it. The surveys of 1953 were intended to show where functions could be pared and money saved, but the surveys produced some surprises. Not fewer but more and better censuses were needed, according to the outside experts. Highway needs demanded more, not less, federal aid to the states. The maritime and airport programs needed more money. Commerce, it was found, had been on short rations for 20 years. More of the same budgetary diet might mean less results per dollar spent. The view now seems to be to beef up those programs that really need it.

In 1954 the Commerce Department regularly employed some 41,000 people, and thousands more worked at temporary jobs. The regular group is some 20 per cent below the number Commerce acquired from the previous Administration. After the 1953 shakedown, Commerce employment leveled off at the present figure. This stability helped build back the sagging morale of the previous year. At the same time, the top command came to view the career employee in a new light. Two years ago, Secretary Weeks' low regard for the public employee stuck out all over him. But familiarity has bred respect.

After a detailed study of the Maritime Administration and national maritime policy, Commerce came up in 1954 with a big program and a shift in emphasis. The shift is to increased private financing in this government-subsidized business.

Commerce claims that private

shipping lines are now, for the first time, bearing their full share of the costs of subsidized construction. This is always debatable, but the emphasis is there. With \$173,000,000 of federal money the industry will produce more than \$400,000,000 in new and reconditioned ships. Private construction of tankers for charter to the Navy fits into the defense angle of the program and the emphasis on private financing. The 1954 program authorized by Congress is said by Commerce to be a record peacetime ship construction program.

For the long pull Commerce wants to avoid the feast and famine routine in the shipbuilding industry. Its target: a minimum of 36,000 employed in the industry, with expansion above this as needs require.

Airport requirements also came in for a detailed study. The answer again was to spend more money to aid in the construction and modernization of airports and to improve navigational aids in the interest of greater safety.

The federal highway program, under the Department's Bureau of Public Roads, shows evidence of much-needed expansion. Expenditures authorized for fiscal 1955 and 1956 come to nearly \$2,000,000,000 of federal money alone—the largest two-year total on record. This is part and parcel of the Administration's ten-year highway program calling for tens of billions to be spent by federal, state and local governments. While probably too modest, this program nevertheless affords an interesting contrast to the budget-slashing instincts of the Administration.

Another point of interest is the Commerce boost to the toll-road movement. The Bureau of Public Roads gives no financial aid to toll

ROBERT PHILLIPS—BLACK STAR



Dr. Burns, dean of the School of Government, George Washington University in Washington, D. C., is a writer and consultant on trade and economic problems. He is co-author of "Modern Economics"



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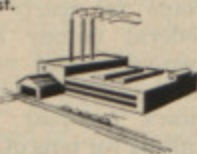
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roads—these are financed by special bond issues of the toll-road authorities in the states. But a Commerce study estimates the toll-road potential to be some 10,000 miles more than the 3,250 miles now in place, under construction, or ready for building. This total would come to about \$13,000,000,000 of toll roads, over the next ten years.

With some 56,000,000 vehicles on the roads today, traveling 500,000,000,000 miles a year and carrying 85 per cent of all intercity passengers, this outlook is heartening—even if it means no more than speeding up traffic between congestion points. The significance is this: Commerce endorsement of the growing toll-road movement seems likely to presage federal aid in the years to come.

Its transportation activities account for the bulk of Commerce expenditures. The Department's long-run planning shows greatly increased outlays for the years ahead. In contrast, however, Commerce sold to private interests its Inland Waterways Corporation, which operated barges on the Mississippi, Missouri, Illinois and Warrior Rivers. The price: \$9,000,000, an amount almost equal to the reported losses of the enterprise since 1939.

Secretary of Commerce Weeks played a prominent and controversial part in national labor policy. He took a vigorous position in support of management in the proposed Taft-Hartley Act revision. In the Justice Department study of the antitrust law, his position differed from that of the Secretary of Labor on its extension to labor union activity. Press reports magnified these differences; they made them out to be a clash between the Secretary of Commerce and the Secretary of Labor. There were and are differences of views but no personal ill-feeling exists between the two men.

Secretary Weeks' position is that since management pays the wages and has to compete to stay in business, it has as big a stake in labor problems as the union if not bigger.

Commerce has a large but ill-defined responsibility in the foreign trade field. In 1954 it created the Bureau of Foreign Commerce out of the old Office of International Trade. New life came into the BFC as well as more money and people. It simplified its export licensing operations, improved its informational services helpful to foreign traders, and studied investment prospects in foreign countries. This year it is pushing United States' participation in international fairs.

BFC is not wanting in energy and aspirations. Yet Commerce plays a

relatively small role in this general area. It has no corps of officers abroad; it must work through the State Department and its Foreign Service.

On matters of commercial policy it is overshadowed by State, on financial policies by Treasury, and on operations by the Foreign Operations Administration's missions abroad.

Commerce in 1954 made moves to get a bigger international role for itself. Not much can be done, however, without congressional authority. At present the State Department holds the trumps.

Services to domestic business and in defense work are handled by the newly established Business and Defense Services Administration, the successor to the National Production Authority. BDSA has yet to find itself. Its work in defense planning is important, but this runs out in time. During 1954 its industry divisions shifted increasingly to preparation of reports for business and to advisory work. But BDSA has no well defined mission and 1954 showed no substantial progress in finding one for it.

Without doubt, the administrative arrangements at Commerce have been shaken up and emphasis is on efficiency and good management. Efficiency is difficult to measure in any government operation, but the signs indicate progress. On balance, Commerce is administratively a smoother operation now than it has been in years.

Program-wise, generalizations are difficult to make. Commerce has no single program—they come in bundles. The program surveys, made generally by well qualified experts, point the way. Some programs have clearly improved, some have grown.

Secretary Weeks describes the mission of the Department as "the strengthening of free enterprise, the American way of life. . . ." More specifically, it is the promotion of foreign and domestic trade and the growth of the American economy. This it does in many ways: by financial aid to transportation and by providing a vast array of services to business, research groups, and other agencies of government. The work of the Bureau of Standards, the Weather Bureau, and the Coast and Geodetic Survey is of utmost value. The Office of Business Economics and the Census Bureau provide basic economic and business data used daily by industry and government.

These services are performed by a corps of highly qualified experts ranging over a good part of the social and physical sciences. Commerce is mainly a service agency. **END**

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States must act on labor issues

BY JAMES P. MITCHELL

Secretary of Labor

THE Department of Labor is devoted to helping the working men and women of America, and that includes both management and labor, employer and employee.

Among its responsibilities the Department of Labor is charged with the enforcement of statutes which maintain and improve the working standards of American labor. The strict enforcement of these statutes benefits labor and helps the fair and honest businessman by protecting him from being undercut by those of his competitors who violate the safety and minimum-wage laws.

In the field of law enforcement, the Department made 781 more investigations under the Fair Labor Standards Act during 1954 than were made during 1953. And this was done with 270 fewer employees.

Operating with a staff smaller than last year, both in the Solicitor's Office and in the Wage and Hour Division, the Department has enabled workers who had been underpaid for their work in violation of federal laws to recover several million dollars in wages. The amount recovered is substantially more than was recovered last year.

Thanks in part to the Department's stepped-up safety program, preliminary figures indicate that industrial injuries throughout the country are at a new

low, below the 1953 record low of 13.4 disabling injuries per million man-hours worked. These figures mean lives saved, suffering reduced and also economy for the nation's businesses.

For the first time, the Department is making an all-out effort to encourage the states to raise their workmen's compensation standards. A detailed study is being made of the state laws in this area. Conferences are being held with state agencies and experts in the field. Soon the Department will have an exemplary workmen's compensation law which will be used to encourage and assist the states in modernizing and improving their laws.

Here, I suggest, is an area where the businessmen of America could be immensely helpful. While there are workmen's compensation laws in all the states, an estimated 12,000,000 workers are still not protected because of gaps in the coverage of employment under the laws.

About half of the states have elective coverage rather than a compulsory system of workmen's compensation, which leaves many other workers unprotected.

An estimated 2,000,000 workers are deprived of protection in more than half the states because of the exemption of employers having fewer than a specified number of workers. In some states, the coverage is restricted to a list of so-called hazardous jobs. This also means that many thousands are excluded. These are all gaps that should be filled in as rapidly as possible.

The heart of a workmen's compensation system is the benefit scale. If the compensation payments are so small that an injured worker would starve or be forced on relief, the law does not offer the protection which it was intended to give. Benefits should be increased, therefore, to meet the greatly increased cost of living and to keep pace with the increases in the worker's average weekly wage.

Although the Department of Labor is useful in this area to serve as a clearinghouse of ideas, the responsibility for workmen's compensation is in the states. And there is where the businessmen of America can be helpful in providing the local leadership that is necessary.

Each state must take positive action to do for its citizens what they themselves cannot do but which must be done. For until the states meet adequately the demands of their citizens, there will be pressure on the federal government to do so and, as in the past, such pressures will encourage the further expansion of federal regulation and control in these areas.

This same philosophy must be applied to the minimum wage problem and unemployment insurance. The federal 75-cent minimum wage law leaves some 20,000,000 workers in this country unprotected and these 20,000,000 do not include government, executive or professional workers. Many of these 20,000,000 are engaged in intrastate rather than interstate work so they must look to the states for help. Each year minimum wage bills are introduced in state legislatures, but no state has enacted new minimum wage legislation since 1939. And states which have minimum wage laws have not improved them substantially.

The federal minimum wage protects both labor and management. It provides a floor under the wages of workers and protects employers from unfair competition based on substandard minimum wage levels. It is essential that the wages keep pace with the changing economic conditions. A floor which is too low provides little protection and no support. A higher minimum wage is justified.

A higher and higher minimum wage for fewer and fewer workers is indefensible. Minimum wage legisla-



tion does the most good when it covers the most workers. Universality of coverage is obviously out of the question. There are, however, large groups not now covered who both need and deserve minimum wage protection. The line that is drawn must depend upon economic conditions and the feasibility of minimum-wage legislation with respect to the workers involved. This is, however, an area where further action is required.

President Eisenhower has recommended that unemployment insurance benefits should equal 50 per cent of a worker's weekly wage. Closely related to the inadequacy of unemployment benefits throughout the country are the demands for a guaranteed annual wage which are currently in the news. Workers do not want to be paid for not working. What they want is a reasonable degree of stability of employment and some adequate compensation if they become unemployed through no fault of their own. I believe this is an area where farsighted businessmen can and should take real leadership.

These are a few areas then where the nation's businessmen can help us and, in fact, help themselves, for it is good business to have employees adequately compensated if they are injured or unemployed.

In labor-management relations, the Department has

encouraged sound industrial relations by educational, promotional and research activities which emphasize the problems to be resolved rather than the parties and principles to be sustained.

The government has adhered to a policy of nonintervention in industrial disputes unless the national interest demands that it intercede.

I believe that these policies have contributed in some measure to the labor peace the country has enjoyed in 1954.

Statistics show that there were fewer man-days lost due to strikes during 1954 than in any year since World War II. This is a tribute to both labor and management and indicates a progressive maturity in their relationships.

Basically the Labor Management Relations Act is sound. Certain constructive amendments to the Act are needed, however. The President recommended such amendments.

In this connection it should be kept in mind that the Labor Management Relations Act is not as important in the field of employer-employee relations as its critics or its defenders would have us believe. Any such legislation, properly conceived, can only provide certain guide lines and certain rules. Good relations between the parties depend ultimately upon their atti-

tudes toward one another. We must bring to the area of labor relations legislation a determination to leave as great an area as possible for free collective bargaining and to hold to a minimum, governmental intervention in the relationship between employers and their workers.

One of the most significant developments in the area of labor statistics has been the combined statement on employment with the Department of Commerce. This has combined what for many years were three separate sets of figures and has eliminated a great deal of confusion.

Also new is an employment and earnings index which shows how many people are at work, how long they work each week and how much they earn.

Last April I asked a group of outstanding experts in industrial relations and administration to make a thorough survey of the Department's programs and objectives. As a result of their recommendations, several reorganizations have been made.

To give more impetus to the Labor Department's training and apprenticeship programs, a position for a special assistant to the Secretary for training has been created and two new deputy directors of apprenticeship have been appointed in the Bureau of Apprenticeship. One of these deputies will maintain relations with labor unions and employers' associations, and one will improve the administration of the bureau by consolidating functions and eliminating duplication.

Important work is being done by a special committee which I appointed to look into the problems of all working men and women more than 45 years of age. Surprising as it may seem we have discovered that it is at that young age that employers start showing prejudice in hiring. This problem will be increasingly important in the years to come.

The number of people over 45 increased from 17 per cent of the population in 1900 to 28 per cent in 1950, and by 1975 they will comprise nearly 50 per cent. Unless the economy expands greatly the large number of young people born in the 1940's will constitute extreme competition for workers over 45 in the 1960's, and large numbers of older people will suffer unemployment or dependency.

After examining all the facts that we can get on this subject, we hope to draw up a complete action program so that this important bloc of our nation's manpower may be better utilized.

To help us in our work, I plan to appoint two committees, one representing the leaders of organized labor and the other representing the employers of this country. From them I hope to get much valuable advice and help. Without the support of both management and labor our strength would be seriously sapped. With it we can, I believe, effectively carry out our mandate to promote the welfare of the working men and women of America.

The American economy is sound. We have maintained a very high level of economic activity. There is no reason to believe that we shall not continue to move forward. Economic adjustments will always occur in a free and dynamic society such as ours. It is not possible to eliminate these fluctuations entirely. The problem before us is to keep moving higher despite temporary setbacks. This, we are determined to do. I shall not make specific predictions here concerning levels of economic activity we can anticipate in 1955. I shall only assert categorically that the economy of the United States is sound and growing.

END



Dr. Kerr, chancellor of the University of California at Berkeley, is former director of the university's Institute of Industrial Relations and has served on several presidential fact-finding boards

AS Secretary of Labor James P. Mitchell enters his second year, these things may be said about him:

1. His excursion into political campaigning in the 1954 elections was undertaken at high cost to his continuing relations with organized labor.

2. His legislative program is well considered, forward-looking and realistic.

3. His internal administrative performance is excellent.

The Secretary of Labor need not be all things to all men but he is expected to be many things to many men. He should be, at one and the same time, a friend of labor, a friend of management, and a friend of the public at large. He should listen to conflicting views with an open mind; yet he should have a firm and forthright program. He should be an effective representative of labor views in the Cabinet; yet he should be the Administration's spokesman to labor.

These are only some of the many partially or wholly contradictory roles the Secretary of Labor is called upon to play. He cannot play them all equally well—at least not on any one issue at any one moment of time.

Modern democratic society, with its mass organizations and the intense sensitivity it encourages on the part of the groups they represent to their changing economic welfare, raises problems of continuing mutual

Politicking impairs good program

BY CLARK KERR

accommodations among these groups. These problems rank among the great public perplexities of the age.

Many institutions and many individuals seek to assure that a sufficient degree of accommodation is achieved so that our highly interdependent industrial system can operate with reasonable efficiency and continuity. The Secretary of Labor is one of these individuals and the Department of Labor is one of these institutions. How he and it perform can affect, in a significant way, the performance of the system at large. Let us see how the current Secretary of Labor is performing in three of the important roles into which his position has cast him: as politician, as statesman, as administrator.

As politician, Secretary Mitchell became a most controversial figure in the recent election campaign. In particular, he asked the ballot box support of labor for the Eisenhower Administration; and he appealed over the ranking heads of organized labor challenging them with the very political partisanship which AFL founder Samuel Gompers so abhorred. Both of these actions damaged his standing as Secretary of Labor or even as Secretary of Labor and Management, if he prefers to view himself in the broader and more impartial role the second title implies. He came to appear to many responsible leaders of labor as the Secretary against Labor, and thus he can claim less than before to interpret the interests at least of organized labor in the Cabinet or to stand impartially between organized labor and management.

His recent speech before the CIO in Los Angeles undoubtedly has gone far to offset with organized labor his campaign activities, but it has certainly raised similar questions of partiality on the management side.

During the political campaign Mr. Mitchell must have faced a hard choice. As a member of the Cabinet he was obligated to the political success or even survival of the Administration; and he no doubt believed deeply that the program of the Administration in the areas relevant to his responsibility was a worthy one. Perhaps, also, his influence within the Cabinet bore some relation to his influence in the arena where the great questions of choice of leadership are settled in a democracy.

But there must have been other considerations to assess also and they pulled in another direction. Politics is conducted at many levels. For our present purposes perhaps two may be identified as "selling a program" and "selling a party." The two, of course, are not unrelated; but the second is by all odds the more direct, the more partisan, the less dignified. Secretary Mitchell operated at the second level.

Now, traditionally in the United States, because of the sensitivity of his assignment, the Secretary of State operates in an election campaign only at the first level. He tries to persuade the electorate, at best, of the success of the program he administers; at worst, of its necessity. He does not openly canvass for votes for his party. May not the Secretary of Labor, caught between management and labor as he is, be in a somewhat comparable (although far less sensitive) position, where he too, for the sake of the fully effective conduct of his office, should be removed from the more aggressive aspects of campaigning?

Beyond the question of the wisdom of open campaigning at all is the question of whether Mr. Mitchell should have charged the leaders of organized labor with violating their historical policy of nonpartisanship. This charge may have resulted from

a lack of appreciation of how far organized labor in America has moved from the tenets of Samuel Gompers. Mr. Gompers was suspicious of too much emphasis on the legislative approach to economic problems; and to the extent labor had to become embroiled in politics it was to be on a nonparty "elect your friends, defeat your enemies" basis. But organized labor today sees a much larger sphere of action for government and is increasingly inclined to identify friends with Democrats. So an appeal to the philosophy of Mr. Gompers is no longer so effective. Or the charge may have been the result of a deliberate calculation that it would influence union members more than it alienated union leaders. Whether it accomplished the former or not, it certainly did the latter.

And so the question is posed whether a Secretary of Labor should directly campaign for votes at all, and, if he does, whether one of his tactics should be an attack on the leaders of organized labor?

Now this is more of a problem for a Republican Secretary of Labor than a Democratic one; for a Democratic Secretary of Labor can campaign for votes and against the leaders of organized management with less effect on his year-round relationships, since the clientele of the Department, as an administrative agency, has been and still is more labor than management.


As statesman, Secretary Mitchell has a program of substance and one which is likely to receive greater congressional support exactly because the Secretary and his party were not successful in retaining political control of Congress. And to the extent the Secretary's legislative program is made effective, the debit he piled up in organized labor's account

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book by his political activities may very likely be diminished over time, particularly, also, because he has stood well personally with many labor leaders. So the Secretary may win by having first lost—win as a statesman due to the fact that his party lost politically.

Secretary Mitchell is particularly concerned about the sad state of protective legislation in the United States. Unemployment and workmen's compensation benefits and minimum wages are generally expressed in dollars and cents terms. When the cost of living rises substantially, as it has over the past decade and a half, these terms, which by their very nature tend to move relatively slowly, have less and less real value.

Also as the standard of living rises, as it has quite significantly over recent years, these static terms deteriorate compared to commonly accepted levels of living.

There was quite a burst of protective legislation in the 1930's, but it is now, in many cases, less adequate in its provisions than when originally adopted. The Secretary hopes that the provisions of this legislation can be modernized. Much of this legislation is the province of state governments, however, and so the federal government can only influence and not control. But this recently neglected area warrants the re-examination which the Secretary intends to encourage.

The Administration has some promises to redeem dating from 1952 in connection with the Taft-Hartley Act. This Act is, in some respects, unbalanced and potentially destructive of the weaker elements of organized labor if economic conditions favor recourse to some of its clauses by antiunion employers. The late Senator Robert Taft himself, as well as President Eisenhower, favored some revision.

It would be an act of statesmanship for the Secretary of Labor to propose a more thoroughgoing review than the 1952 proposals envisaged. The Wagner Act and the Taft-Hartley Act were both historical accidents—the first a depression response to the weak bargaining conditions of labor; the second a postwar reaction to widespread labor strife.

Before these historical situations lead to the permanent imprisonment of American labor and management in a web of federal legislation, excessive whether measured by our own pre-1930 experience or by the experience of every other democratic nation in the world (with the possible exception of Australia), we should

take another look at what we really want. The Taft-Hartley Act might well be replaced by four new and separate laws, one governing the mediation of labor disputes, another providing for bargaining agent elections, a third giving certain protections to third parties, and a fourth guaranteeing democratic rights to members of organized groups. These are separate and distinct problems which might better be handled individually than covered in an omnibus law which tries to control almost everything at once.

But with the narrow margin of party control in Congress and the concentration of attention which will shortly come with preparation of campaigning positions for 1956, it now does not appear likely that even the 1952 promises will be fulfilled.

A re-examination is also in order for the federal minimum wage legislation which is subject to more direct influence by the Secretary. Here some revision is necessary, if any effective floor at all is to be placed under wage levels, and under interstate competition among industries.

As an administrator, Secretary Mitchell is doing one of the best jobs in the history of the Department. To begin with, he is administering the Department, which some earlier Secretaries never did—the individual bureaus went their own ways largely unnoticed and certainly unsupervised. What is more, he is administering the Department very well. The Secretary has the confidence and even the enthusiastic support of his staff—the latter no mean feat in a civil service enterprise. He is undertaking a thorough review of all departmental programs, reorganizing the top staff to bring greater unity into departmental activity, developing separate labor and management advisory committees (following the successful precedent set by the Bureau of Labor Statistics) to give the Department more direct and official access to the views of the people it primarily serves, and in other ways breathing new life and spirit into the organization.

Mr. Mitchell has also become influential in the entire field of federal labor affairs and not just in the running of his department. For example, he is the key man in the making of appointments to all major posts in his area of interest whether those posts lie within or without his department. This raises the status of the Department of Labor, as well as of the Secretary himself, and is a gain for coherence in the handling of labor affairs by the federal government.

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Secretary of Health, Education and Welfare

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This Administration's first year was largely devoted to pulling the government's manifold activities in these vital fields together into one strongly integrated, smooth-running Cabinet department. The early months especially were devoted to selecting our key people, analyzing operations, cutting overhead expenses, and recommending legislative improvements.

The second year saw the Eighty-third Congress enact most of President Eisenhower's recommendations in the fields of health, education, and welfare.

The social security system was expanded and strengthened, the federal-state hospital construction program was modernized and broadened, and steps were taken to accelerate the rehabilitation of handicapped workers. Other important legislation will result in effective action in 1955 on better schools and more teachers, sounder food and drug protection, and progress against juvenile delinquency.

In the social security field, the 1954 amendments made the biggest improvements in more than 15 years. As a result, in 1955 more than 10,000,000 additional Americans and their families will be eligible, for the first time, for the protection of old-age and survivor's insurance. In addition, the new amendments will:

1. Increase monthly social security benefits on a percentage basis ranging from \$5 to \$13.50 additional for retired workers, with proportionate boosts in monthly payments to widows and orphans.
2. Allow retired workers to earn as much as \$1,200 a year without loss of social security benefits.
3. Liberalize the law's operation further by removing certain statutory inequities.

The maximum monthly retirement payment to a single worker of \$108.50 per month under the new law is equivalent to the income from \$32,500 in savings invested at four per cent.

The maximum for a married worker of \$162.50 per month equals the income from \$48,000 in savings at four per cent. The \$200 per month for a widow with two dependent children matches the return on \$60,000 in savings invested at four per cent.

Each of these improvements in old-age and survivor's insurance will help make both the working years and retirement more secure for the vast majority of our citizens.

In the field of health, on President Eisenhower's recommendation, Congress broadened the federal-state-local community hospital construction program. This will mean—in 1955—starting the construction of additional chronic disease hospitals, nursing homes, diagnostic and treatment centers, and medical rehabilitation centers.

These facilities are badly needed in the national fight against chronic illness and disability—the principal medical problems of older people. Cost of the new construction, which will provide more beds for older patients at lower cost, will be shared by communities, states and the federal government.

For this purpose, Congress authorized \$182,000,000 over the next three years, in addition to a regular annual appropriation of \$150,000,000 to build more general hospitals and public health centers.

New hope was given many thousands of Americans disabled by disease and accidents when Congress approved President Eisenhower's request for an accelerated program of vocational rehabilitation. The number of disabled people restored to self-reliance and self-support will be stepped up from the present rate of about 55,000 a year to a goal of 200,000 a year by 1959.

Almost \$28,000,000 was voted by Congress for matching grants-in-aid to the states and for grants to colleges and other institutions to expand training of rehabilitation workers. Construction of additional comprehensive medical rehabilitation facilities will also aid this program.

As the President has pointed out, vocational rehabilitation emphasizes the great store set by Americans on the dignity and the worth of the individual. Its humani-



tarian purpose is, to be sure, the most important feature of rehabilitation. Not to be overlooked, however, is the fact that the cost of returning a citizen to a happier and more active life is substantially less than permitting him to remain in enforced idleness on the public assistance rolls.

Significant amendments to the Food, Drug and Cosmetic Act enacted by the Eighty-third Congress will mean greater consumer protection in 1955 and lowered costs for industry and government.

The process of establishing or amending food standards will be shortened and simplified, thereby cutting their cost to industry and the government alike. Congress also authorized the Department's Food and Drug Administration to regulate fruit and vegetable sprays and other pesticides to protect consumers against possible harmful effects.

This year, a citizens' committee will study the entire federal food, drug, and cosmetic inspection program to determine whether it is meeting the needs of the American consumer in view of rapid technological developments and economic change.

In the field of education, citizens and educators will meet all across the country in 1955 to study local educational needs and to pool their findings in a nationwide conference.

To help states and local communities overcome their school problems—especially teacher and classroom shortages—Congress authorized support for a series of state conferences on education, to culminate in a White House Conference in 1955. State conferences have already been held in Wyoming, Nebraska, Washington, Connecticut, and Kansas, and more are in the offing. The White House meeting will be held in November.

By thus promoting local appraisal of educational needs and fiscal capacity to meet those needs, Congress wisely provided for nationwide action within the framework of the traditional principles of local control of and responsibility for public education.

The startling rise in juvenile delinquency—an in-

crease of 45 per cent since 1948—is one of the nation's most poignant and baffling social problems. In 1955 a new unit in the Department's Children's Bureau will provide active leadership to states, local communities, and other groups seeking improved methods of dealing with juvenile delinquency.

A conference on juvenile delinquency, called by the Department, was attended this past summer in Washington by police officers, judges, teachers, probation officers, clergymen, and representatives of public and voluntary social agencies and of civic, labor and fraternal organizations from 43 states. A new Laboratory of Child Research has been established at the National Institutes of Health, Bethesda, Md., to undertake psychological research studies of seriously disturbed children.

These are some of the major accomplishments of 1954. What lies ahead in 1955—the Eisenhower Administration's third year?

President Eisenhower has emphasized that the nation's health will continue to be a matter of major concern to his Administration in the years ahead.

Such measures as health reinsurance, medical insurance for federal employes, and revision of the structure of grants-in-aid to states are expected to come before the Congress again.

In the field of education, the coming year will be marked by a renewed determination to improve the educational systems of the nation. Out of the grassroots state conferences on education and the White House Conference in Washington will undoubtedly come prompt and effective action to overcome shortages of teachers and classrooms.

In essence, then, 1955—like the past two years—will see continued striving toward this Department's prime goal: helping the individual American achieve a greater measure of health, education and security for himself and his family.

This is a sound path, we believe, to a stronger and better America—for everyone.

END

HEW drags its feet

BY GORDON W. BLACKWELL



Dr. Blackwell, director of Institute for Research in Social Science, University of North Carolina, has written extensively on health, education and welfare problems

THE Department of Health, Education and Welfare marked up a number of encouraging developments in 1954, such as extension of social security, expansion of vocational rehabilitation, increased support for health research, and larger funds for vocational education.

On the other hand, there has been considerable dragging of the feet by both HEW and by Congress, especially in the field of education, in which HEW failed to give forward-looking leadership.

The austere economy efforts of the Administration seemed to soften somewhat as the 1954 fall political campaign drew near. One may rather confidently predict that the next year will see the Congress give still further attention to health, particularly mental health.

The studies and reports of the President's Commission on Intergovernmental Relations, so long postponed by a switch in chairmanship and general fumbling, still promise to be extremely significant for health, welfare and education. These three fields have to rely heavily upon federal grants-in-aid to the states. For months action has been delayed awaiting recommendations of the commission on the federal-state relationship in sharing the financial load.

HEW claims savings of \$1,300,000 through administrative changes and a personnel reduction of 589 during the year. Although these economies are minor within the total program, it seems apparent that the Department is being well administered. However, there is little indication that morale of the professional personnel has improved much over its low point of the summer of 1953.

On the welfare front the 1954

amendments to the Social Security Act were the most important in 15 years. Coverage of social security has now been extended to nine out of every ten workers. Benefits have been boosted for 5,600,000 people.

However, there has been failure thus far to provide variable grants to states for their public assistance programs—a principle advocated by the Social Security Administration for many years. The variable grant principle would provide public assistance payments by the federal government to each state as the average income of that state is related to the average income of the nation. This would mean that those states with low per capita income would receive a larger proportion of the federal public assistance contribution.

HEW has shown new interest in juvenile delinquency. The Juvenile Delinquency Service has been set up in the Children's Bureau, with a Laboratory of Child Research in the Public Health Service.

But as yet, no new action program has been formulated. Meanwhile, appropriation of federal funds for child welfare services continues to be inadequate, although under existing authorization a third more money may be appropriated if Congress so desires.

Generally speaking, the welfare portion of HEW's responsibility has been most adequately handled up to now. The danger is that the Administration may attempt drastic revision in policy relative to grants-in-aid to the states. Since this is the chief method of operation of the social security program, the welfare of people in the poorer states would be threatened.

In the area of health 1955 will

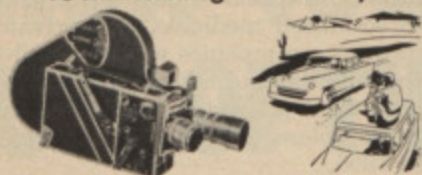
bring the most controversy and perhaps the most progress. The Administration was 50 per cent successful in its health proposals—getting congressional support to expand vocational rehabilitation, and to aid construction of hospitals and other medical care facilities. The Administration failed to put across a health reinsurance plan and a new grants-in-aid formula for assisting states in their health programs.

Congress went all-out on vocational rehabilitation. Grants-in-aid were increased considerably, with the states to take over more of the burden yearly. This program has been accelerated so that by 1959 more than three times as many disabled people will be aided each year. There is much merit in well directed rehabilitation programs and there is no doubt that the social benefits are worth the investment of even more money. It appears, however, that the arguments which persuaded Congress were overdramatized and that perhaps too much was claimed for the program.

Revisions in the Hospital Survey and Construction Act extended coverage to new kinds of medical facilities, especially institutions caring for the physically disabled and the aged. The additional funds for the expanded program can be well used. It will take many years before even the most crucial needs are met in this field.

Perhaps the most hotly debated health proposal was the health reinsurance bill. In 1952 only 17 per cent of the nation's entire health bill was paid by insurance; 63,000,000 out of 161,000,000 Americans had no health insurance at all. This effort to extend the coverage of private

Camera crews play "leapfrog" to film Mobilgas Economy Run

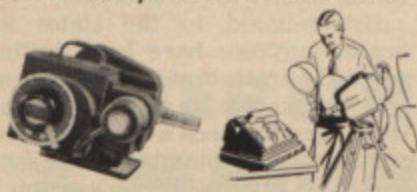


Entrants in the annual Mobilgas Economy Run won't stop for pictures. So to cover this event for General Petroleum Corporation, camera crews of the Cate and McGlone movie production company "leapfrog" each other with their Cine-Kodak Special Cameras mounted on top of station wagons.

Rough roads, dust, and blizzards make exciting movies. But they also make this contest just as grueling for the cameras as for the cars. "The best cameras we have found for the job," T. W. Cate reports, "are Cine-Kodak Specials. They are rugged and versatile. And the extra film magazines mean that they are always ready to shoot."

General Petroleum uses movies to accelerate public excitement surrounding this famous Economy Run. They also deliver extra mileage for Mobilgas product promotions. Perhaps you, too, can profit from movies made with a Cine-Kodak Special Camera.

How Friden proved "who done it"



Part 461B in an experimental model of a Friden Calculating Machine was making mistakes. But no one knew why, because it traveled much too fast for the eye to follow.

Friden solved this problem with a Kodak High Speed Camera. Every phase of the miscalculation was photographed and screened at less than 1/300th of its original speed. The movies clearly showed that part 461B was not guilty at all—the culprit was a part that brushed it!

This is just one example, says Friden, of how high-speed photography has eliminated much wasteful trial-and-error research. Can it cut your research costs, too?

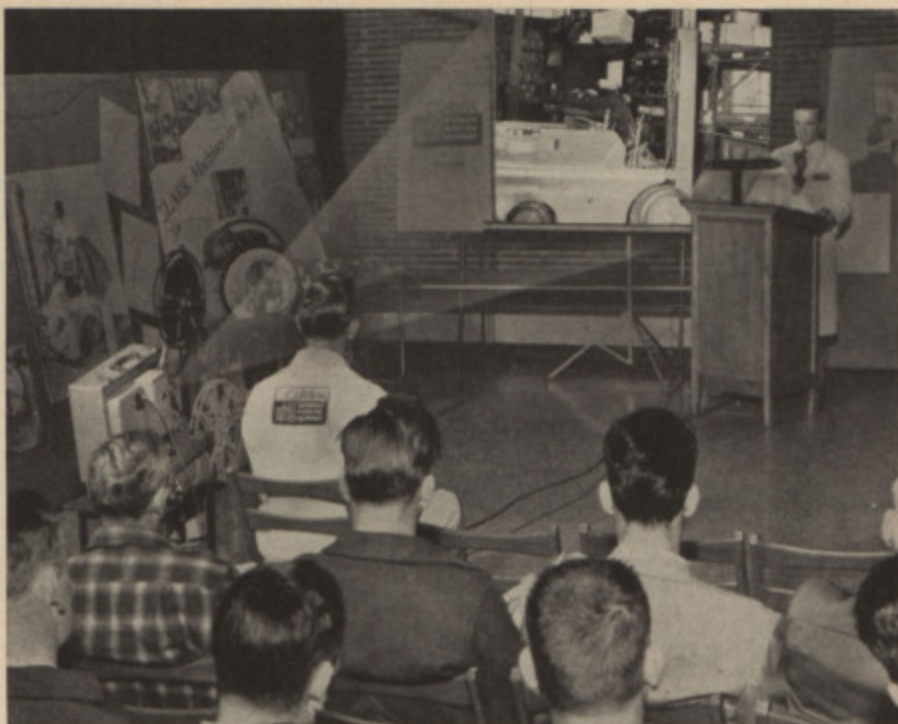
"The Best Home Buys Before Your Eyes"



With this slogan and six Kodak Pony 828 Cameras, John T. Nothnagle of Rochester, N. Y., has mushroomed his copyrighted "Gallery of Homes" from a \$400,000 real estate business in 1949 to 7 galleries in 6 cities and \$8,000,000 Rochester gross in 1954.

Nothnagle analyzed the tremendous waste in driving prospects from house to house, over a period of days and weeks. So now he offers an eye-catching picture gallery of every property offered. The actual homes are shown only after the prospect has narrowed his photo selection.

This super-market approach to real estate selling has been so successful that Nothnagle is now franchising his idea to leading real estate brokers in other cities. Can photography be your short cut to success, too?



Getting workers to THINK safety...

Clark Equipment Company does it with movies

Safe working methods boost employee morale and save dollars for the employer. But many workers resist safety training like schoolboys shying from dancing lessons.

The Clark Equipment Company, however, has found the answer. Their 25-minute movie, "Safety Saves," teaches safety procedures to users of Clark lift trucks and other materials-handling equipment. Dramatic and entertaining, the film teaches more than basic safety techniques. It stimulates the workers to *think* in terms of safety.

Selling ability, too

The movie is part of a mobile training school on the use and maintenance of the company's equipment. The school is transported all over the country by trailer truck as a service to Clark Equipment Company customers. It pays off handsomely as a sales stimulant and good-will builder, too.

Since this "school on wheels" is packed and unpacked in a hurry, Clark must use movie projectors that combine simplicity and ruggedness. To meet these specifications with projectors that also deliver superb

sound and visual reproduction, Paul King of Krum's Audio-Visual in Battle Creek, Michigan, recommended Kodoscope Pageant Sound Projectors. Here's why:

Pageants never need oiling

Only Pageant Projectors are permanently pre-lubricated to by-pass the common trouble spot of improper oiling. To Clark, this means worry-free projection on the road, where repairs are usually impossible. And thanks to the versatility of the sound mechanisms, Clark is able to use Pageant amplifiers and speakers as a public-address system during non-film portions, eliminating the need for special extra equipment.

The rugged dependability of Pageant Projectors makes them ideal for industrial use. There are 6 models to choose from, and prices start at \$425 (subject to change without notice). Think over *your own* selling and training problems—chances are that movies can help solve them easily and effectively.

Ask your Kodak Audio-Visual Dealer for a free demonstration. No obligation. Or mail the coupon for full details.

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Please send me the name of nearest Kodak Audio-Visual Dealer and complete information on equipment checked: ☐ Kodoscope Pageant 16mm. Sound Projectors ☐ Cine-Kodak Special II Camera ☐ Kodak High Speed Camera ☐ Kodak Miniature Cameras

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STREET _____

CITY _____

STATE _____

(Zone) _____

Kodak
TRADE-MARK



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Your tires and brakes may be perfect. Yet you can go into treacherous skids that endanger your life and the lives of others.

You might be driving in a drizzling rain. The pavement is wet. Suddenly a child darts out. Your heart leaps. The terrified child falls. You slam on the brakes! Your tires grab the pavement—and they hold! You stop short of a heart-breaking tragedy because you are lucky enough to be driving on concrete.

Concrete is the safest pavement. Its gritty surface provides uniformly high skid resistance for quick stops, even in rain. This means extra protection for both drivers and pedestrians.

At night concrete's light color reflects up to four times more light than dark pavements and provides maximum visibility. Wet or dry, night or day, you are safer driving on concrete.

Concrete is the most economical pavement, too. It is moderate in first cost and gives many more years of uninterrupted service at far less maintenance cost than any other pavement.

You pay for pavements with gas taxes and license fees. So insist on concrete, the **low-annual-cost** pavement that's much safer to drive on. For more information write for a free, illustrated booklet, distributed only in the United States and Canada.

health insurance was defeated by an alliance of those who fear that any move in the field of health will lead to socialized medicine, and private insurance companies which thought the bill did not adequately represent their interests. The Administration plans to reintroduce this bill in 1955.

The Department's move to revise the policy of health grants-in-aid to the states was not acceptable to Congress. The proposed change called for block grants, which each state in turn would have parceled out to its various health programs. There would be a long-range plan whereby grants to the states for health purposes would be placed on a decreasing basis such as that generally used by foundations. The Department took the position that these changes were not meant to reduce appropriations but rather to make sure that each federal dollar spent brought a greater return. The Administration will probably renew its efforts in 1955 to obtain the support of state health officers for its proposal.

Grants-in-aid to the states for health purposes have been further reduced. Instead of a planned and orderly takeover by states and localities, there has been a decline of prevention and community health services. The Administration's action is considered by public health forces to be shortsighted and poorly timed, because states have often been unable to take up the slack. The appropriations cuts have been especially damaging to recruitment and training of personnel.

Toward the end of the past session of Congress the Administration wanted to make some kind of record in public health. Budgetary restrictions were eased in the fields of tuberculosis and venereal disease. This action was wise because of the success of the programs in both fields. In large areas of the country tuberculosis mortality rates are falling as much as 20 per cent each year, and the new cases recorded, though falling more slowly, are also responding to the control measures applied.

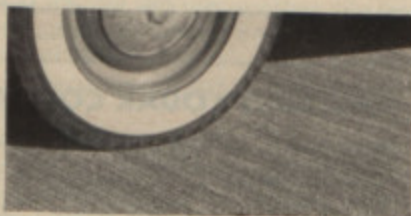
The level of financial support for the National Institutes of Health remained about the same in 1954 except for notable increases in heart, cancer and mental health. Funds for NIH research and training grants constitute one of the best of all investments—a point recognized by the Administration.

In the field of education, the Department has dragged its feet most noticeably. There is increasing evidence that the President is surrounded by advisers who either do not understand problems of education or who regard them as unimportant.



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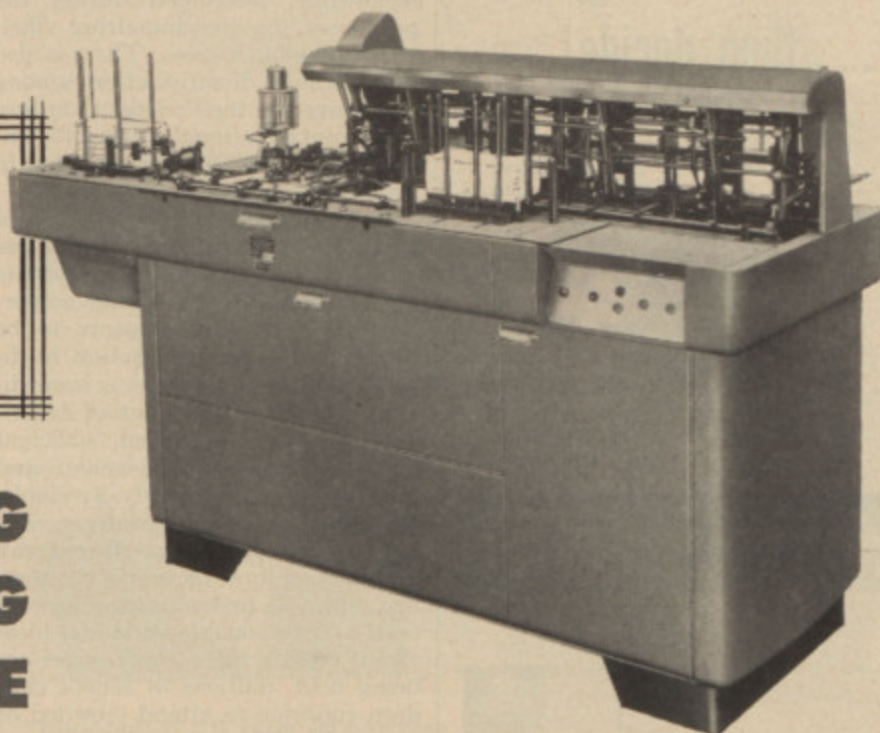
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tant. The President's aides and Secretary Oveta Culp Hobby herself have rebuffed official representatives of educational organizations when they have sought appointments.

The U. S. Office of Education has not fared too badly budgetwise. However, long-unstaffed but important bureau positions have not yet been filled although the present Commissioner, Samuel M. Brownell, took office more than a year ago. Vacancies in other key spots have, meanwhile, developed during the past year, further impairing efficiency and effectiveness. There is also considerable dissatisfaction among educators over the President's failure to appoint a National Advisory Committee on Education as provided in 1953 legislation.

Appropriation of Congressional funds for a series of state conferences on educational needs, to culminate in a national White House conference on education, appears to be largely a smokescreen action to divert attention from pressing immediate needs in the education of American children. If, indeed, sufficient facts on shortages of classrooms and teachers are not already available, the procedure of state conferences is hardly calculated as an efficient way of obtaining these facts or of developing a formula to demonstrate proven need and reasonable state and local effort. While these conferences are being held, millions of school children continue to attend crowded or makeshift classrooms.

The lag in new school construction during World War II, enrolment increases due to high birth rates, and failure to replace old facilities during the past several years have combined to make the national shortage of schoolrooms extremely serious. One authority estimates that 20 per cent of all pupils are now attending school in firetraps; ten per cent of elementary pupils are in buildings more than 50 years old.

In some of the poorer states, which have the highest birth rates, the situation is especially serious. Results of the National School Facilities Survey conducted by the Office of Education in cooperation with state educational authorities indicated that \$11,000,000,000 in school construction is presently needed. Allowing for increasing enrolment of children already born and for normal replacement of classrooms, \$4,000,000,000 will be needed every year for the next five years and somewhat less thereafter. By no stretch of the imagination can all this come from state and local sources.

It is hard to reconcile the President's flat statement in his second State of the Union message that "the

federal government should stand ready to assist states which demonstrably cannot provide sufficient school buildings," with the attitude of opposition to school construction aid taken by Secretary Hobby and with Commissioner of Education Brownell. Their point that the federal government should do nothing on this until the need has been discussed by state and national conferences seems hardly tenable.

Considerable attention by members of Congress was given to the school construction problem throughout the year. Some 17 House bills and four Senate bills were introduced, but none of these ever came to a vote. The Senate bill which received most attention called for \$500,000,000 for a two-year period to help states and localities build schools. Funds were to be distributed on the basis of school-age population and per capita income of the states.

It did not please champions of education that the President proposed to the Conference of State Governors a multibillion dollar program for highway construction with federal aid, at the very time the Administration was turning a deaf ear to the critical need for school construction. This problem is so serious it is certain to get considerable attention in Congress in 1955.

The Commission on Intergovernmental Relations has established a task force on federal aid to education. The membership of this force indicates that it will hardly develop a favorable position relative to federal aid. One may expect that it will recommend large-scale curtailment in most federal education grants to states, which now stand at \$1,400,000,000 annually.

Whereas state governments paid 17 per cent of the cost of education in 1930, this proportion had risen to 40 per cent in 1951. This shifting of the educational burden to states largely accounts for the vast improvement in rural education, since rural schools now get their proportionate part of the support. This has come about through equalization plans under which state funds go in proportionately larger amounts to local school units in need of help. In general, this is the way by which federal aid advocates want the national government to help states least able to support minimum educational standards.

In summary it can be stated that the Administration's policies in health, education, and welfare have become somewhat more forward-looking in 1954 than in the preceding year, but have a considerable way to go to meet the needs in the three fields, especially education. **END**

Our Strategy Lacks Flexibility

(Continued from page 35)

process of organization, few of which could be made ready for combat in less than a year. By 1957, the goal is a regular army of 1,200,000 men in 24 combat divisions and their supporting units, a goal which was saved last year from reduction below projected Air Force strength only by the vigorous intercession of Gen. Matthew B. Ridgway, Chief of Staff.

Steps to remedy the present lack of Army reserves, although they would not stiffen the reserve ready for battle, will be taken in 1955. The Defense Department will ask the Eighty-fourth Congress for a renewal of the Draft Act before its expiration June 30. It will seek two major improvements over previous draft laws. One will be an extension of the life of the Act from two years, as in the past, to four. The other will be aimed at building a reserve force to back up the Army in being.

Beginning with the Selective Service Act of 1940, every draft law has carried a requirement that men released from active duty must serve a stated number of years in the reserves. This provision never has been enforced since it was ignored for political reasons during World War II. Any attempt to enforce it now probably would set off political dynamite.

So the Defense Department will ask for a reserve clause with teeth, swallow the loss of the millions of men who should have been recruited for the reserve in the past dozen years, and start building when and if Congress gives it unquestioned authority.

Total service under the proposed clause would be ten years, normally two years on active duty and eight in the organized reserve. Mr. Wilson hopes to establish a plan under which 50,000 to 100,000 young men under draft age could volunteer each year for six months active duty and 9½ years in the organized reserve. He hopes also to reduce the numerous deferments whereby the draft has been made in the past to apply to only a part of the population.

In its first two years the present administration of the Defense Department has made an enviable record in management. If only in the next two years it could find the way to a military doctrine more nearly in accord with the realities of the times, the nation might some day look back upon it in gratitude. **END**

Trucks ease TV's growing pains as new stations blanket America!



"Truckloads of JFD 'Super-Jet' antennas must reach an area *before* a new channel opens, so TV service-dealers can convert installations for new stations. Shipments must be quick and accurate. In Lafayette, Ind., where UHF channel 59 opened and JFD began sponsoring TV show 'Badge 14', the demand created by the opening and the program



required immediate working stocks for our dealers. Our local distributor specified trucks.

"Since 17,000 antennas roll off our assembly lines daily, routing must be precisely synchronized. Otherwise, we would have backloading on our shipping platforms. Motor carriers did the job for us. We were able to follow through with timed TV advertising and timed station opening when demand exceeded all predictions."

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JFD Manufacturing Co., Inc., Brooklyn, N. Y.

"World's largest manufacturer of TV antennas
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American Trucking Associations
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In June 1947 only 8 cities had television and there were only 40,900 television homes in the United States. In June 1954, there were 382 TV stations in 254 cities, and 29,565,759 TV homes!

How did 29½ million rooftops manage to blossom out with TV antennas in so short a time? And how did 29½ million sets find their way into America's living rooms?

The statement on this page, by a leading manufacturer of TV antennas, will show you how important the motor carrier has become in getting *any* new product to market faster than you can say, "I Love Lucy."

Because of the motor truck, TV dealers got the sets on time. The stations found an audience all prepared. The manufacturer, the wholesaler, the retailer, the service man, *and* the TV viewer all benefited. Just one more proof of our proud slogan: If you've got it . . . a truck brought it!

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Security Quest Threatens Freedom

(Continued from page 39)

which would raise the maximum fine in criminal cases from \$5,000 to \$50,000 and make triple damages in private civil cases discretionary with the court. Why weaken the latter sanction, unless it can be shown that its force as a deterrent is not great.

Pledges made by spokesmen of both major parties in the 1952 campaign to remove inequities and discriminations in the Immigration and Nationality Act of 1952 have not been redeemed. The act perpetuates the unfair and archaic national origins quota system and, in general, fairly bristles with hostility to aliens. Administration of the law remains split between the Departments of State and Justice. The Attorney General is in a position to give effective encouragement to congressional efforts to do something about the McCarran-Walter Act. Were administration of the law consolidated in an independent commission, the Department of Justice would be relieved of a large operating function, hardly appropriate for a law enforcement and counseling department.

The Attorney General has inaugurated two programs for recruitment of young lawyers with both immediate and long-range implications in the strengthening of the legal arm of the government. These efforts do him credit.

Beginning in the office of the United States Attorney for the Southern District of New York, a plan for law student aid to the U. S. Attorney has been pursued. The immediate objective is to provide additional manpower for legal research and other work expected of a junior in a law office. The students are asked to give a reasonable allotment of time during the academic year and some are employed for the summer months. A likely person in this group may be offered a full-time appointment after graduation. The Attorney General is actively engaged in attracting to the Department top-flight current graduates from law schools. This is done by direct communication with law school deans and placement officers.

It is understandable that an Attorney General with a reputation as an able political strategist would have difficulty keeping himself aloof from partisan politics. Nor is it suggested that he should personally refrain from participation in party consultations and decisions. The point is that in certain vital areas, at least, such as investigation and law enforcement, he should not use his

office for partisan purposes. Mr. Brownell made a great mistake in this respect by his use of FBI material relating to Harry Dexter White for patently partisan purposes. One does not need dilate on the truly horrendous implications of political exploitation of an agency such as the FBI. The White episode should serve as a wholesome warning.

At both state and federal levels there is increased interest in the problem of selection for judicial office. The federal appointive system contrasts with predominantly elective state systems. Both are subject to partisan influences.

President Eisenhower has made 68 judicial nominations, according to latest report. The lone Democrat was moved up from a district court to a court of appeals and the district court vacancy filled with a Republican. One sees scant prospect of federal judicial appointments ignoring party lines. What can be reasonably hoped for is stress upon high personal and professional qualifications within a primarily partisan framework. In eastern Pennsylvania at the present United States District Court judgeships have remained unfilled for many months. In that same district, the local political organization as well as senatorial courtesy is allowed to play an active role more influential than those of the President and the American, state and local bar associations combined. In such instances political considerations have broken out of bounds.

The Attorney General now occupies a key position in the process of judicial appointment. The courts are his professional and official domain. He has the facilities for investigation of fitness. Thus, the chief executive relies heavily upon him as to judicial appointments.

At the same time it should be observed that the Attorney General is hardly in a position of detachment; he is helping select the very judges before whom he and his associates will appear as counsel for the government. The difficulty could be somewhat relieved and the process of selection generally improved were the President to establish informal advisory committees on judicial selection, one for Supreme Court appointments and one for each federal circuit, to aid him in identifying and evaluating judicial prospects. Committees of this character, with representation from the judiciary, the organized bar and the Administration could render a notable public service.

END

Time of Magnificent Opportunity

(Continued from page 27)

unusual qualities of the diplomatic technician. He and the President are a notably complementary pair. Mr. Dulles' first-hand observation and negotiation, flying from continent to continent, gives him an acute and sensitive feeling for the evolving world situation.

These two, chiefly, have brought the United States through some rocky spots in 1954. We have been involved in two major crises, and in both cases have avoided disastrous developments. The first danger spot concerned our Asian frontier, in Indochina and off Formosa. We avoided war, but the future outlook is precarious. The second was the threatened collapse of the western European framework of alliances. Here prospects are encouraging.

The chief danger in 1955 remains Asian. Red China seems to be not as responsive to the consequences of atomic-hydrogen war as is Red Russia. Mao Tse-tung's forces might break loose at any time. There was a narrow shave at Quemoy. The communists might try to assault Formosa. There are some indications that they were starting toward Formosa at Quemoy, and that Moscow held them back because the United States had reacted with restraint, both in Indochina and at Quemoy. If this is really what happened, then coexistence is working at least partially in both directions. But whether, or how long, Moscow can restrain Peiping is quite uncertain.

With the new Congress, pressure on the Administration for a very tough policy along the Asian coast should not be so great as in the past two years. Hence the President and the Secretary of State will have a somewhat freer hand than heretofore. It may be that our Asian policy in 1955 will win greater support among possible allies, both in Europe and Asia, than we have enjoyed.

A year of exploration begins. We must, of course, retain every ounce of prudence and caution that we possess. The world struggle with communist aggression is as acute as ever. There will certainly be vigorous piecemeal efforts to expand the power of communism. But if it is realistic to assume that global war is less likely than before, then we have a magnificent opportunity to get into high gear the true forces of freedom—which are the peaceful forces of economic, technological, and social progress, founded on free individual men under God.

END

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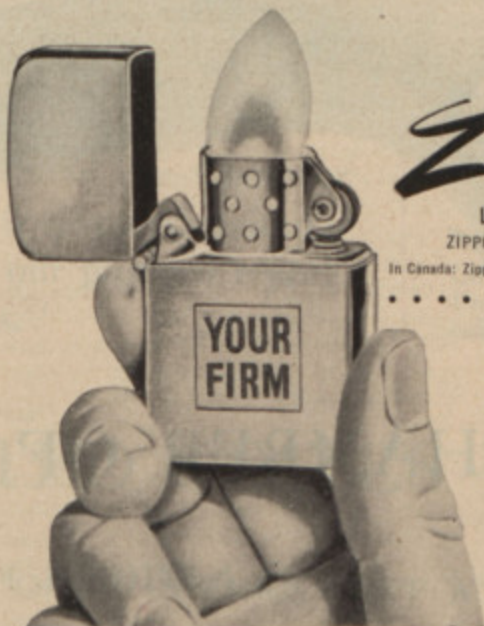


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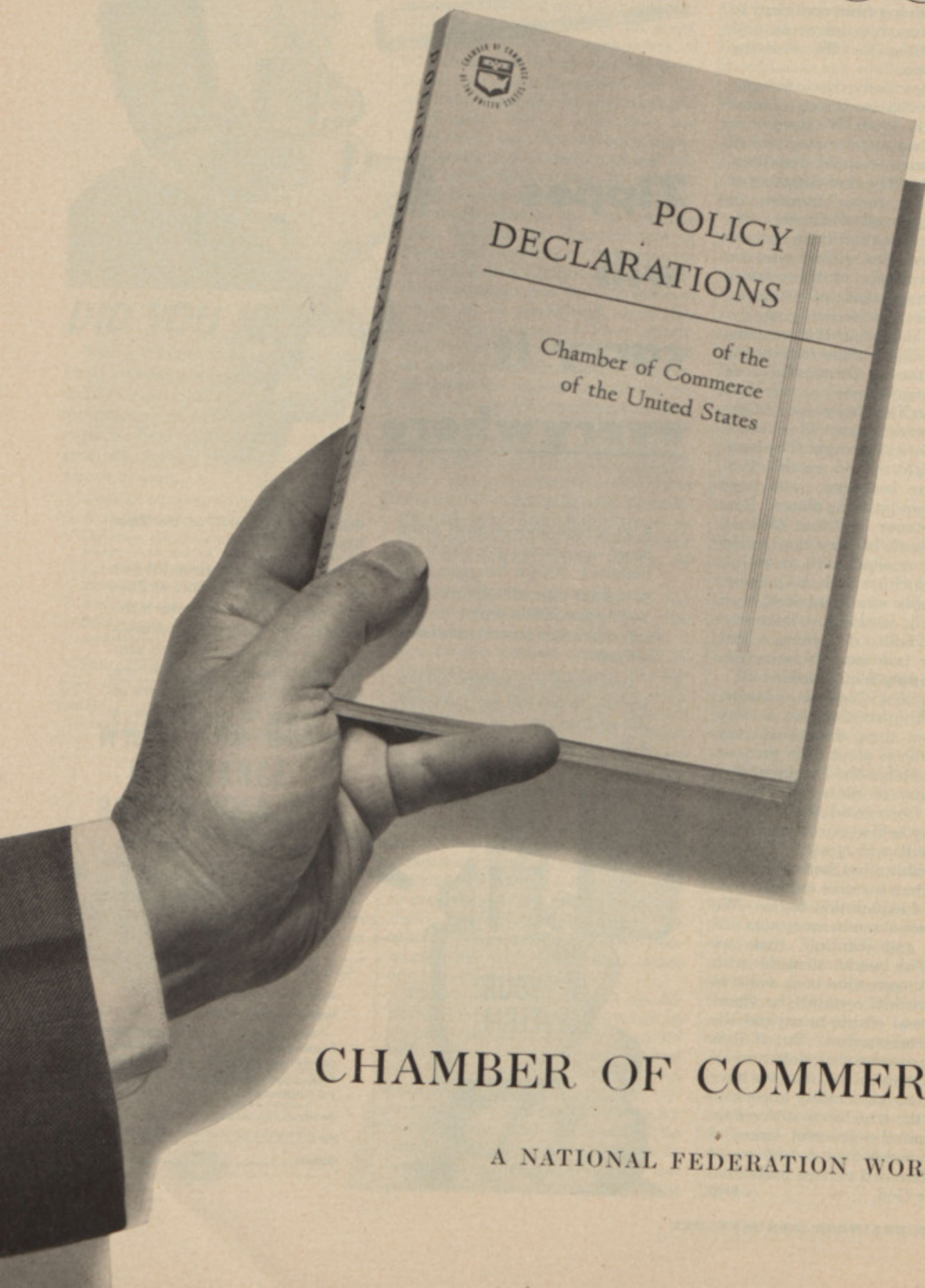
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The Great Unmentionable, Postal Politics

(Continued from page 45)

high as the Washington Monument.

3. Regular three-cent mail is now being flown by air to many parts of the country.

4. Repair of 4,000,000 mail bags per year will no longer be centralized in Washington—savings: \$250,000 per annum.

5. "Cigar box" accounting by which clerks were required to separate cash receipts into four "cigar boxes" has been eliminated—savings: \$1,000,000 per year.

6. New canceling machines in larger offices will require only four men as against 20 on present machines, and these will use only half the floor space.

7. Electronic machines are being developed in an effort to reduce the 11 separate sorting operations required for one letter.

The battle lines on rates are clearly drawn and the managerial improvements are continuing to come in impressively. But an almost eerie silence continues to surround a more fundamental matter—the devastating effects of politics upon postal operations.

The crux of the matter lies in appointment of the 40,609 postmasters under a politico-merit system—about one part merit for three parts politics. In addition, 32,542 rural carriers and various other employees are politically appointed. These appointments amount to almost 15 per cent of the total personnel of the Department; and the jobs in that 15 per cent are not unimportant. Their elimination from politics is essential.

In addition politics (sometimes of a different variety) hampers other operations.

In many cities, railway mail terminal and city post office operations go on almost side by side—each reporting to separate officials in the field and in Washington. The personnel are not interchangeable, wages and working conditions differ, and duplication exists. Is it true that politics makes pay standardization impossible and why is it not feasible to place the career transportation operations under political postmasters?

Elimination of excess rural post offices is proceeding at a snail's pace. Kentucky is a case at point with 422 first, second, and third class post offices, and 1,666 fourth class post offices, or a total of 2,088. While Kentucky holds first rank in post offices per capita, a fair statistical

allocation would cause Kentucky to lose around 500 post offices.

The Department has done very little about converting outlying or suburban post offices in some 200 urban areas into branches of central post offices. The Advisory Council estimates potential savings of \$25,000,000 per annum from an even more modest approach. Reasons given include "local pride," "politics," "congressional opposition" and "political postmasters." No campaign has been undertaken "to sell" such a program in the various localities.

These impairments of operations by "politics" are but three of the reasons why the national interest requires that the Post Office be raised to a nonpolitical basis.

An obvious first step is to remove the 73,151 postmaster and rural carriers from politics. Traditionally this



proposal has not been greeted with acclaim, either in the halls of Congress, or in the executive branch. The year 1955 will be no exception to the usual situation. Bluntly stated, the "ins" will want to keep the postmasters and carriers; and the "outs" will hope to obtain them later for themselves. No matter what smoke bombs are raised to cloud the situation, the reality is that the politicians want the patronage.

On political appointments, a reasonable or "even Stephen" solution would be for the new Congress to pass a law which would absolutely proscribe political appointment of postmasters—as of January 1, 1959. Such a solution would give the incumbent Administration two more years of patronage and would give the "outs" a fair opportunity for two additional years depending upon the 1956 election.

But even if this is done, the principal question will remain:

Has the United States of America, in the 179th year of its history, matured sufficiently to raise the Post Office above the grab-bag of partisan politics?

END

Partnership Brings Progress

(Continued from page 23)

mate; use of the weapon would involve both in irretrievable disaster. But danger exists that some country might so conduct its affairs that it could not retreat, and its leaders would prefer the bomb and common destruction to humiliating overthrow. To put international relations on a plane making this impossible was the new imperative of civilization. A good beginning had been made by previous Administrations, working with statesmen of other nations; Messrs. Eisenhower and Dulles have had to make what additions they could to a well marked program.

One of the fundamental requirements for a safe balance of the world has been and will remain economic rather than political. Looking back, we can rejoice that the danger of a western depression has been avoided. The free world feared two years ago that the United States might suffer a depression which, even if light, would have a devastating impact abroad. When America sneezed, Europe would be rushed under the oxygen tent with pneumonia.

Soviet hopes on this score unquestionably influenced Kremlin policies. Ever since the economist Eugene Varga was officially denounced soon after the war for writing that he saw no signs of an American collapse, Moscow has hoped that a great new economic depression would overwhelm the Atlantic world. No artificial measures, the Russians said, could extricate nations drowning in a sea of unsalable goods raised by overproduction. Molotov and Khrushchev doubtless heard, just after Eisenhower's election, that a British economic group predicted that our industrial output would temporarily decline by from one fifth to one fourth, and that British gold and dollar reserves would then fall off by \$2,000,000,000.

The actual story of U. S. economic behavior has been to date highly disappointing to the Kremlin. The brief recession in 1953-54 proved slight; industrial production in America dropped less than one tenth, and imports by only about the same figure, while free world trade was well sustained, as the United States in 1953 spent abroad \$3,000,000,000 for military purposes, \$2,000,000,000 in various forms of economic aid, and large sums in stockpiling.

European gold and dollar reserves even increased.

In 1954 western prosperity was

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Discussion brought out the financial aspect of the entire contemplated setup, and the suggestion was made that the insured accounts receivable of the policyholder be used as collateral for a bank loan. Would a bank advance funds on this basis?

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again well maintained. Our production, earnings, and imports have continued high, and if depression in a few industries raised unemployment to 3,000,000, fresh enterprises were emerging to promote a readjustment. In short, the American economy in Mr. Eisenhower's first two years proved stable, its troubles being those largely unavoidable in any kinetic and fast-growing country. At the same time, the economies of the Western European nations have shown rising vigor and resiliency. This fact has given and still gives our foreign policy a firm base on which to operate.

How well has it operated? Had that question been asked at the close of Mr. Eisenhower's first year, the answer would have been, "Indifferently." A friendly British critic remarked that American policy marched, but often with two left feet. At the end of two years, the answer is happier: The Eisenhower-Dulles policy has operated well. An important change—for we are the dominant leader of the free world, and our policy has simply got to work well.

The central object, of course, has been to supplement the North Atlantic Treaty alliance (which, running from Vancouver and San Diego to Athens and Istanbul, covers a good deal more than the North Atlantic) by a firmly knit European defense system. To say that the United States sometimes marched toward this goal with two left feet is not to deny that it marched much better than some of its associates. France sometimes marched backward; her feeble governments gave EDC blow after blow instead of push after push. The British stood aloof with a chilly claim that they belonged to a world-wide commonwealth and not to Europe, and hence must be only distantly associated with the defense of Europe. The United States, so recently isolationist, was behaving much more creditably. But because the balances were so precariously poised, our blunders sometimes seemed disproportionately damaging.

During the campaign of 1952, Mr. Dulles, assailing Democratic management of foreign policy, had dwelt upon the "liberation" of the Soviet satellites in a way that excited European uneasiness. It remained to be seen whether he could do better than Acheson in completing EDC and in strengthening Europe militarily without weakening it economically. Would he get further with "liberation" and "massive retaliation" than Acheson had with "containment"?

At first it seemed that the answer was no. His repeated warnings that

if France did not toe the EDC line the United States would undertake an "agonizing reappraisal" of policy—a hint that it might retreat within Mr. Hoover's proposed Anglo-American cordon of defense—was ineffectual. For one reason, no French government had strength to act on the warning; for another, it was an obvious necessity to include France in our line of defense.

As the French became more and more concerned with the Viet Minh advance in Indochina, the Administration's irritation over French policy rose. Paris had doled out freedom to Viet Nam too little and too late; French generals were bungling their campaigns; the French forces seemed likely to lose their American arms to the enemy. By last spring it was plain that the \$785,000,000 the United States was putting into French military aid was largely wasted.

American opinion, however, was powerfully opposed to any new Asiatic war. It was willing to have the Defense Department point out to Paris that Americans had trained a splendid army of 600,000 South Koreans while the French were utterly failing to train adequate Viet Nam forces; but Congress took alarm when the Administration sent 200 Air Force technicians to Indochina. The upshot was that France in turn became irritated with the United States. The French felt that they were being bullyragged and re-proached, but were not being properly helped.

Meanwhile, other instances of left-foot marching might have been pointed out. The United States talked of relaxing trade restrictions and encouraging world commerce, but did little about it. The Randall Report on tariff policy was too cautious and lukewarm to suit our allies or please many internationally minded Americans. Congress grudgingly kept the reciprocal trade agreements law alive for only one year, and aid to other nations was cut in 1953 a round billion below Mr. Eisenhower's requests.

The reckless utterances of various right-wing senators aroused great disquiet in Europe. This was especially felt when they attacked Mr. Dulles' most vital policy, that of maintaining a close unity with other western powers, by demanding that we call nations trading with China sharply to account, and use rough measures with them instead of "perfumed notes."

Even the sober London *Economist* thought that McCarthitania, its name for the spiritual home of the people supporting this kind of talk,

was becoming a menace to the maintenance of a firm alliance of free peoples against communism.

Happily for the Administration, the darkest hour was just before the dawn. When last summer the surrender of the French troops at Dien Bien Phu was followed by the partial surrender of the French government at Geneva, the United States felt an understandable bitterness. Another 12,000,000 people lost forever behind the iron curtain! Millions more given a truce on the back of the smiling communist tiger, and certain to come back from their ride inside that beast!

What made American frustration more galling was the curious tango step which the Administration had just executed. First Mr. Dulles paced down the hall with a campaign to persuade Americans that limited participation in the war might be advantageous. Then, when Premier Mendes-France met the Chinese leaders in Geneva, he abruptly reversed the movement. Vice President Nixon hinted that American troops might be used in Indochina; Senator Knowland declared that not one private must be employed. Of the Joint Chiefs of Staff, Admiral Radford was reported to be for intervention, and General Ridgway strongly against it.

While the whole West shared in the humiliation over Geneva, the Administration was left looking a bit ridiculous. Such abrupt changes of position—were they creditable?

It was hoped that M. Mendes-France, after his country's defeat, would at least make use of it to convince the National Assembly that safety lay only in prompt ratification of EDC. When instead he helped slay the treaty, American chagrin reached a new pitch.

But Mr. Dulles' patient labors and unwearied airplane flights unexpectedly earned the reward he merited. The French collapse in Indochina cleared a path for the Manila Conference and the mutual defense agreement signed by eight nations to protect threatened Asiatic areas. The rejection of EDC by the National Assembly almost simultaneously purged the air in Europe, compelled a series of hurried consultations at the Palais Schaumburg in Bonn, the Elysees Palace in Paris, and the Foreign Office in London, and finally at the Lancaster House conference of nine foreign ministers brought about the construction of an improved substitute for the wrecked plan. Britain agreed to commit herself to continental defense and keep four divisions on the mainland; Mr. Dulles promised American support for the "new pattern"; France and

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Germany came to terms. The Dutch Foreign Minister Johan Beyer might well ejaculate "Wonderful, Wonderful!" Thanks in great part to Mr. Dulles' assiduity and concentration, the European military community was on the point of becoming a reality.

A great achievement, if and when all the agreements are ratified, it will be, with ample credit to divide among Adenauer, Mendes-France, Eden, the resourceful Spaak of Belgium, and Mr. Dulles.

It does not detract from the Administration's feat to point out that it is in the direct line of American policy running back to 1945: the policy which has included American support of Greece and Turkey under Soviet threats, the drafting of that uniquely generous instrument, the Marshall Plan, American use of the Brussels treaty to create NATO, American leadership in breaking the Berlin blockade, and our intervention to save South Korea. On the contrary, Mr. Dulles is to be commended for so efficiently carrying forward the work of his predecessors. After all, "containment" and "liberation" (neither fully covering American policy) have added up to just about the same total.

The chief question, as two more years begin, is not as to the Administration's readiness to give leadership to the free nations; it is as to its power to get prominent Republicans to help in implementing this leadership. Any member of Congress can express himself volubly on foreign affairs, and nearly every Senator believes, like Borah in 1939, that he knows more about the subject than the State Department.

One illustration of senatorial brashness was the simultaneous declaration of William Knowland as majority leader and Lyndon Johnson as minority leader that if the United Nations made China a member, they would campaign to take America out of the U.N.—an idea promptly disavowed by Mr. Eisenhower. Another illustration was Mr. Knowland's assertion last November that American foreign policy might have to be restudied on the postulate that peaceful coexistence with communism is impossible. Any Senator can get publicity, heighten his prestige with certain pressure groups, and promote his re-election, at the mere cost of hindering Administration policy and convincing the world that we are reckless in foreign affairs. The utterances of Knowland, Johnson, Dirksen, Jenner and others have already sadly limited the sphere in which the Administration has real freedom of action.

It is in domestic affairs that Mr.

Eisenhower's special concept of the Presidency has been best displayed.

He believes strongly in party responsibility. He likes to speak of his legislative program as "progressive." Using his party and all who will go along, he told one of his press conferences, he wishes to carry through a set of measures "so dynamic, so forward-looking, and so well adapted to the needs of the United States, that anybody running under the umbrella" they offer will fare well.

But he also wishes to rise above the party battle. "I am trying to work for 160,000,000 people," he once said. His instinct, nearly always sound, tells him that his remarkable hold on public faith and affection stems in part from his muted partisanship, his generosity to opponents. When elected, he thanked those who had worked against him for their interest in government. He never mentions an antagonist by name. His chief pre-election appeal last fall was not to vote Republican, but just to vote. Personally genial



and democratic, he has a high sense of the dignity of his office.

An excellent conception; but again, what about the leadership to go with it? His critics, while admiring many of his traits, have said that for three reasons he has been an ineffective leader.

First, runs their complaint, he was slow to construct his program, so that much of the force of his smashing victory in 1952 was dissipated before he got around to lawmaking. Theodore Roosevelt, sworn into office in September, 1901, had a program ready for Congress that December which was almost a blueprint of the many undertakings of his two Administrations. On the other hand, Mr. Eisenhower, for example, let a year pass in drafting his amendments to our labor legislation, and they are not law yet.

Second, say the critics, his program may be mildly progressive, but it is certainly not "dynamic." His middle-of-the-road planning tends to the compromising of issues not really susceptible of compromise; men are either for high protective tariffs or against them, either for public power or against public power, and compro-

mises blunt the edge of differences that need good hard fighting.

In the third place, Mr. Eisenhower has been so sensitive about the province of Congress that he has been slow to resist the Knowland-Jenner-Dirksen interferences with foreign policy. He ought to assert his authority, write more speeches, messages, and letters clarifying issues, meet enemies at the gate, not in the East Room, and in short, be more of a T.R. or a Woodrow Wilson.

Future historians will probably find the McCarthy imbroglio in the Eisenhower Administration as incredible as the Peggy Eaton affair in Jackson's, and a great deal more discreditable to the United States. It is easy to comprehend why Mr. Eisenhower was slow to act. He respected the coordinate position of the Senate; he knew the President could not attack individuals; he feared that a split in party ranks would endanger needed legislation.

However, future historians will possibly hold this delay Mr. Eisenhower's most serious miscalculation.

In the end the Administration paid for its error by the disruption and delay in its legislative work last spring and summer. Congressmen and citizens alike were glued to the television sets for the Army-McCarthy hearings while their proper tasks were forgotten. We may hope that the Administration will not pay that price again, as Senator McCarthy throws a long shadow forward to the convention of 1956 and its sequels.

It was always Mr. Eisenhower's wise contention that the Administration must carry through a series of measures on which it could go before the voters in the congressional elections in 1954. It was the contention of right-wing extremists that the elections should be fought not on Mr. Eisenhower's positive achievements, but on the alleged Democratic failure to extirpate communists. The President's statesmanlike view prevailed. But how satisfactory was the program which he accomplished?

The legislative tally sheet, after all the springtime despairs, turned out to be creditable, and in its large outlines much of what might have been predicted when Mr. Eisenhower took office. All the characteristic measures of a Republican regime are there: an overhauling of taxation, in which business interests have been carefully kept in view; a measurable retreat from government intervention in economic affairs, particularly in the matter of public power; a stern effort to balance the budget; a realistic handling of farm and labor problems. The Administration succeeded, with Democratic support, in

extending the scope of the Social Security Act. It successfully fought down the Bricker Amendment.

The ghost of President Taft, who labored in vain for a closer Canadian-American relationship by way of mutual trade concessions, must have smiled on the passage of the St. Lawrence Waterway law. If amendment of the Taft-Hartley Act went by the board it was by pretty general consent; the northern and southern Democrats were at swords' points over a clause forbidding racial discrimination, while numerous labor leaders felt they could gain more by judicious waiting.

But how much of the program fitted Mr. Eisenhower's terms "progressive" and "dynamic?" The first sweeping overhaul of the federal tax structure in 75 years, a new internal revenue code filling 929 pages, was in large part highly technical. But this, according to Secretary of the Treasury George Humphrey, was truly dynamic in the sense that it made it easier for the economy to push forward. "By removing restraints," Humphrey said, "this new law will release new energies throughout our economic system, working quietly but steadily to create new enterprises, more and better jobs, new productive efficiencies." The public was most impressed by tax cuts, by the reduction of the levy on dividend income (variously interpreted as a just end to double taxation and an unjust gift to the wealthy), and the replacement of "official discretion" on many tax details by specific legal provisions. But Mr. Humphrey holds the law more notable in giving business liberal allowances for research, stimulating replacement of obsolete machinery by more rapid write-offs for depreciation, allowing small concerns to retain more earnings for future expansion, and in general, "encouraging go-ahead enterprise."

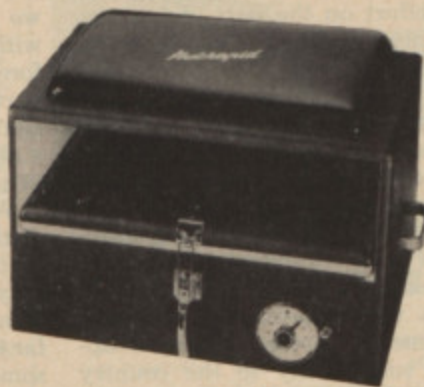
In this sense the St. Lawrence Waterway law might also well be called dynamic. It will mean much to the development of all Canada, which has already spent a half-billion on the St. Lawrence, and to the Middle West; it will give the Iowa farmer a little more money for his wheat while charging the European consumer a little less for it. It will promote defense by bringing Labrador ore expeditiously to the Cleveland or Pittsburgh mills.

The revision of national agricultural policy was assuredly an exhibition of nerve and leadership in a difficult field. That Secretary Ezra Benson has proved one of the strong men of the Administration none can doubt. His policy can also perhaps be called dynamic, under the Administration's peculiar sense of the

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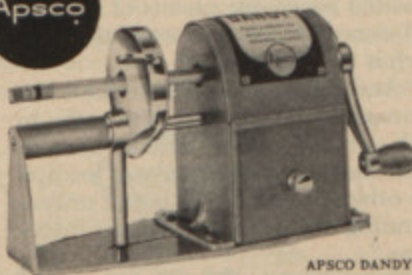
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word, in that the flexible supports which it restores, varying from 75 to 90 per cent of parity for the six basic crops, will mean a higher degree of independence, initiative, and personal effort on the part of farmers. Certainly no dynamism existed in the old rigid system. It encouraged the piling up of huge surpluses with resulting costs and wastes; and these surpluses in time would have produced either a consumer revolt, perhaps sweeping away all benefits, or stern federal controls over the farmers and their crop plans. Flexibility can mean agricultural health.

It is worth noting that on two great measures the President appealed successfully to the country over the heads of congressmen: on the maintenance of Secretary Humphrey's tax program against Democrats who wished to drive through large cuts in the lower brackets and on the farm bill against men of both parties who wanted rigid props maintained indefinitely. His success might well encourage him in more appeals of the kind. It is also worth noting that his and Mr. Benson's arguments, addressed to the intelligence of the farm population, significantly prevailed in various areas against men who addressed counter-appeals to selfishness and ignorance. The defeat of Senator Gillette in Iowa, where he exploited his hostility to the new farm program, was specially striking.

Mr. Eisenhower, again, inspired the congressional leaders who, dashing in like Sheridan at Cedar Creek, saved the best part of the bipartisan housing bill from the Republican conservatives and the Maybank type Democrats.

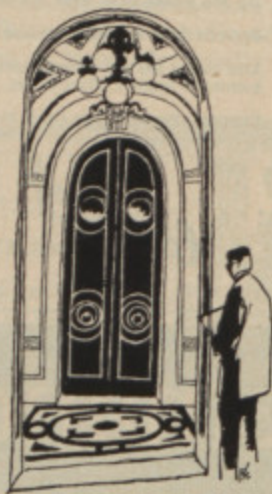
As he gains confidence in the value of such action, the President, we may hope, will employ it more.

On the other hand, the President failed to impress upon the country his arguments for that partnership of federal, state, and private power interests which he regards as his special contribution to the hydroelectric problem. More power is an urgent need. Good arguments can be offered for and against his plan. One reason for his failure to make a case can be attributed to Secretary McKay, who managed to convey the impression that he stands entirely for private development of water power, and against important public projects in both power and irrigation. Another reason, perhaps, is that Mr. Eisenhower's statement in the spring of 1953 that TVA represented creeping socialism planted a suspicion, heightened by his refusal to reappoint Gordon Clapp as head of TVA, that he looked at this enterprise with jaundiced eye. The power question

illustrates the need for harder and more skillful work by the President in carrying his side of public issues fully to the people.

Altogether, at the halfway mark we may credit the Administration with substantial achievements both foreign and domestic. While the party was defeated in the congressional elections, it was by so narrow a margin that Mr. Eisenhower's own prestige remains high.

What now of the future? Looking at the work done and the prospects in the days ahead we may reasonably predict that the Democratic Congress will not push the country far to the left. It will undoubtedly do something in the next two years to change the climate of opinion and to get new questions discussed. But Mr. Eisenhower has tried so hard to be constructive, his temper has been so largely unpartisan, and most un-



finished parts of his program are so reasonable, that ample room exists for cooperative action. As a matter of fact, the nation's position in the cold war demands that partisanship be reduced to a minimum. One question is whether Mr. Eisenhower, who has learned and grown a great deal in the past two years, will go on to increased power and imagination. He displayed both characteristics last month when he said: "Let us recognize that we owe it to ourselves and to the world to explore every possible peaceable means of settling differences before we even think of such a thing as war."

"And the hard way is to have the courage to be patient, tirelessly to seek out every single avenue open to us in the hope even finally of leading the other side to a little better understanding of the honesty of our intentions."

The more vision, the more breadth, the more rational daring he shows, the more all public-spirited men will be disposed to aid him.

Certainly we have enough prob-

lems that require the united wisdom of both parties, for our country is now passing through far-reaching changes. Our population is expanding much faster than we recently expected, and shifting with remarkable fluidity; so that the astonishing development of some areas, like California and the Pacific Northwest, creates difficulties of housing, health, and transportation. Manpower is a chronic problem, as the influx of Mexican wetbacks testifies. Within our expanding population racial readjustment is taking on new aspects.

The unanimous Supreme Court decision of last May declared that not only in political rights, residential privileges, and rights to transportation and entertainment are Negroes equal with whites, but in the greatest right of all, education. Henceforth the children of the country should grow up with a rapidly lessening sense of racial differences. The completion of what has been a slow, painful process of racial adjustment will involve complex demands, and in meeting them a bipartisan spirit can be extremely helpful.

We have pressing economic issues, which require an approach both imaginative and expert. The rapidity with which merger has followed merger has pressed the problem of monopoly again upon public attention. When Attorney General Brownell last May ordered his investigation of the automotive industry, he said he would look into the causes of "any serious shrinkage in the number of competitors engaged in a basic industry"; and the Democratic Congress will assuredly press its own inquiries in this field.

We have had 65 years of history under the Sherman Antitrust Act to prove that the legal difficulties in dealing with monopoly or oligopoly, complicated now by intricate technological factors, grow ever more complex.

If we ask more imagination of President Eisenhower we must ask better self-control of some of the leading Republicans behind him, and a full measure of self-denial on the part of a Democratic Congress tempted to place politics before patriotism. In this age of danger, what is good for the country is the first consideration. If any serious injury befell our government, the cause of democracy throughout the world might be shaken. Nor will parties really lose by putting first things first. A bad politician always thinks they do.

But a politician of sound instincts knows that what is best for the country is also, even in the short run, nearly always the best politics. **END**

Reznor



Happy New Year!

EVERY thirty-first day of December most of us wish a Happy New Year to all our friends within hearing, and to all who cannot hear our voices but for whom we nevertheless have a thought and an affection. Why shouldn't we wish a Happy New Year to millions we have never seen and never will see? We need not fear to wish it for anybody who doesn't deserve it—for happiness isn't just in possessions and well-being, it requires also that we be free of hate, greed and all the other unhappy qualities. We know, of course, that the whole human race cannot be happy; we know that we and our friends are not sure to be happy during the coming year; but there is a kind of happiness in wishing happiness to others. This I do, as the New Year approaches: I raise my glass, with whatever anybody thinks ought to be in it, not excluding milk, and wish everybody who reads these lines, and countless others who do not, a Happy New Year.

The two Nautiluses

IT WAS interesting to learn that even the Navy's atomic-powered submarine, the *Nautilus*, is not quite as good as the one Captain Nemo piloted in Jules Verne's "Twenty Thousand Leagues Under the Sea." Captain Nemo's craft could do 43 knots, had



a radius of 43,000 cruising miles and cost only \$750,000. Our *Nautilus* is slower, probably has a smaller cruising range, and cost more. And I think that Captain Nemo, in spite of his dark secret, had more fun than submarine commanders have today. For one thing, there were then no other submarine commanders. He

could feel unique because he was—and that is a satisfaction for any man.

The tie racket

I DON'T believe there is any prettier gesture than that of a woman straightening a man's tie. It is always graceful, reassuring and possessive. I don't for a moment regret the times



in the past when I have had my tie straightened by lovely women, and I am glad to say that, battered and timeworn though I am, this sometimes still happens to me—just before, I hasten to add, I leave home in the morning for my day's toil.

Are barbers talkative?

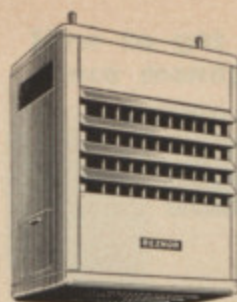
I DON'T believe barbers talk more than other persons. We merely think they do, because that is the way we were brought up. My belief is that whatever was the case in the past they don't talk as much as they used to. They now have radio instruments in their shops, in many cases, and quite often the barber is more interested in the radio than he is in talking.

Salute to a caboose

NEXT to steam locomotives I like the old-fashioned type of freight-train cabooses. I would like to ride in one and—mark my words—some



day I shall. I am glad to see they survive and are not being replaced by parlor cars.



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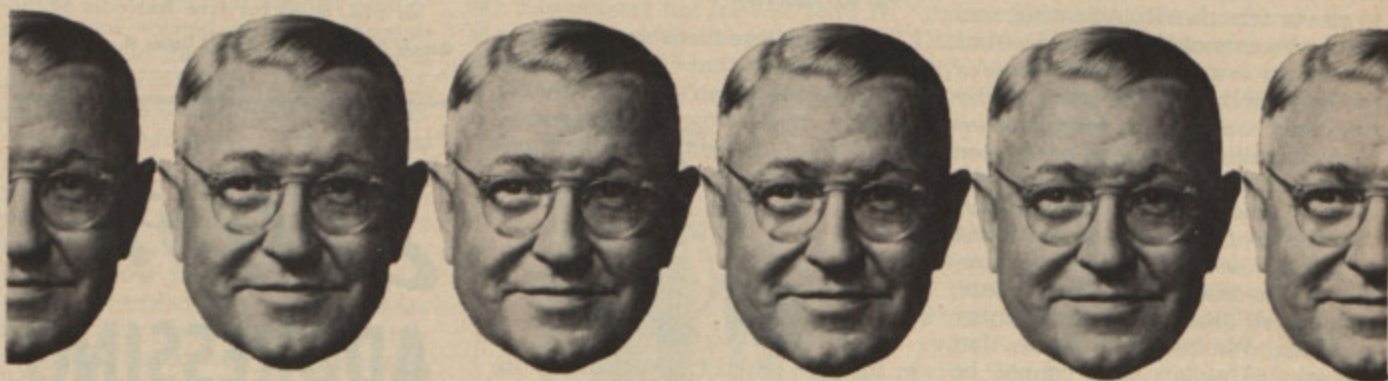
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Quill pen maker

LEWIS GLASER of New Haven, Conn., is—by his own claim—the only full-time quill pen manufacturer in America. He cuts and mails about 75,000 quill instruments every year to customers throughout the country.

Mr. Glaser's office and plant is a single room. His only equipment: a 49-cent penknife.

Not long ago he sold 1,800 quill pens to the United States Supreme Court. The pens were made from the feathers of purebred white Embden geese. The court paid him 15 cents for each pen after he trimmed them to the ten-inch size first specified by John Marshall, the Court's fourth Chief Justice.

Each Justice of the Court has two quill pens and every lawyer admitted to practice there receives one as a gift, a procedure which drains nearly 20 pens from the court's supply each day.

Mr. Glaser sells his pens to colonial museums and for distribution as souvenirs in connection with such things as bank openings. He likes to sell them to school children for then he has an opportunity to remind them by letter that quill pens were used to write the Declaration of Independence, the Constitution and other early American documents.

Workman, spare that tool

THE Clark Equipment Company of Michigan has dramatically reduced tool breakage in its Industrial Truck Division through a system which it calls "price-tagging."

The replacement cost of each tool and machine is stenciled on the unit itself—so that the operator is reminded constantly of the value of the equipment with which he works. Clark officials say this practice, first adopted in the summer of 1953, has reduced tool breakage expense at its Battle Creek plant by 20 per cent. In addition, there has been substantially less need to shut down machinery for maintenance and repair.

Employee reaction to price-tagging is reported to be "good." And the system has produced another inter-

esting result: greater consciousness of the need for good housekeeping on the part of management itself.

Powder puff patrol helps Lubbock

IF THE police chief in your town is unhappy because his men are overworked you might call his attention to "Operation Parking Meter" in Lubbock, Texas.

Lubbock sought a way to free its busy policemen from some of their more routine duties. Checking parking meters for violations is one of these. As an experiment, city officials decided to hire women for the meter-checking job.

The venture started with the hiring of four women in July, 1953. According to Traffic Director H. M. DeNoble, the number of tickets issued for meter violations soared almost as soon as the ladies were turned loose on the city's 1,100 meters.

Mr. DeNoble says the ladies have made a favorable impression on motorists of both sexes. Members of the meter patrol carry a pocketful of coins to assist harried motorists fumbling for a piece of change—and they answer questions and give directions to visitors.

Several other towns, including Wichita Falls, Texas, and Sacramento, Calif., recently have employed women for meter inspection and other jobs to relieve policemen for more arduous assignments.

They put Christianity to work

BUSINESSMEN who have felt the need for a fuller and more active participation in the spiritual life of their communities are turning in increasing numbers to the program of International Christian Leadership, Inc.

ICL, a 20-year-old nonsectarian movement, conducts most of its meetings at the breakfast hour.

The basic belief around which the organization has developed its program is this (quoting from an ICL pamphlet): "That the chief function of the Christian layman is to express Christ through his daily life and occupation."

That supporters of ICL have been able to achieve this goal is evident

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CHARITY DRIVES—Pete's right in his element here. His time and effort are given liberally. He's the boy who can really put the heat on so charity drives go over the top.



TRAFFIC SPEEDUP—Many a town has found its transportation tied in knots. It's Pete's responsibility to help them untie traffic snarls with new signal systems, better parking facilities, expressways...



PETE PROGRESS is a kind of M.D. for community affairs, symbol of your local chamber of commerce. He works to make your town a safer, healthier, pleasanter place to live and work. Support your chamber, and you help yourself.

from success stories told by Abraham Vereide, executive director and founder of the council. Mr. Vereide says employers have won the good will and cooperation of employees and associates who were formerly malcontents or trouble-makers. How? "By exposing them to the warm and constructive atmosphere of an ICL breakfast meeting," says Mr. Vereide.

At the sessions participants read aloud significant passages from the Old and New Testaments, then discuss ways in which these teachings can be made a living, dynamic part of the everyday life of men and women.

Discussion groups have been formed at all levels of the nation's life—in large industrial plants—in colleges—among professional men.

In Washington one of the most active groups is comprised of members of the United States Senate and House of Representatives. President Eisenhower himself is a strong supporter of ICL and its objectives.

How to retire and stay active

IN AT least a dozen American cities retired business executives have united to put their experience to work in projects that contribute to improved communities and better business.

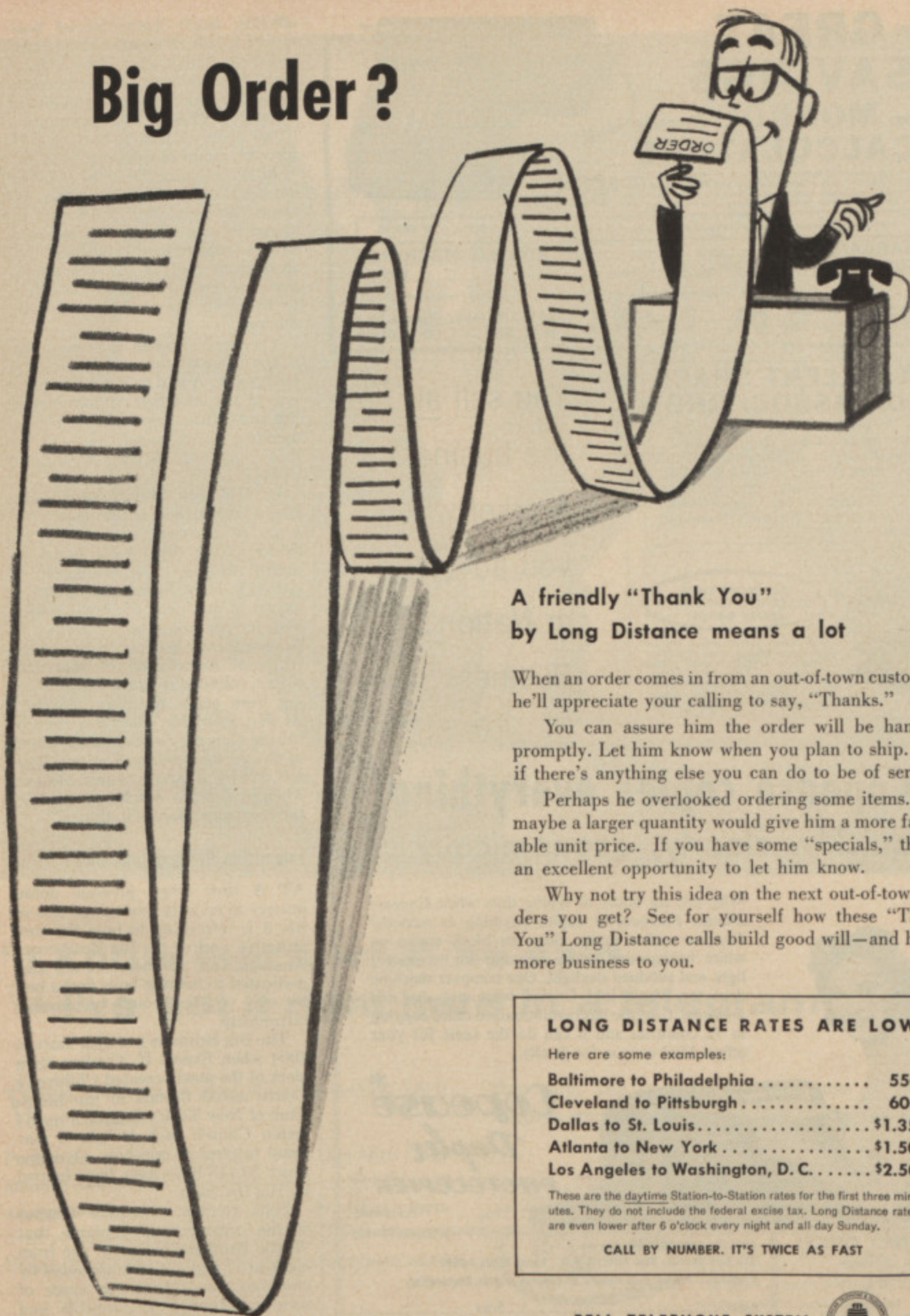
The success of these ventures stems from the fact that older men have a lot of useful advice to offer to charitable organizations and civic causes—and to struggling youngsters in the world of commerce.

Typical of such organizations is Experience, Inc., of St. Louis, an association of 36 retired executives and professional men with a total of 1,800 years of experience among them in 28 different businesses. Experience, Inc., has given advice to 29 small business operators, and has 60 additional projects currently under study.

The organization was born when William Charles, a retired businessman, was having lunch with A. P. Greensfelder, a consulting engineer. They decided that the difficulty of securing qualified citizens to serve on civic projects and committees could be overcome by drawing from a pool of retired executives like themselves, and that many new businesses which fail in the first years of existence could be saved if men who had been through those trying years could offer a word of advice.

The organization now meets once a month to review achievements and to discuss the applications which it receives. Projects are assigned to members on the basis of their experience. For example, R. R. Clabaugh, treasurer of Experience, Inc., and W. J. Bramman, both former bank

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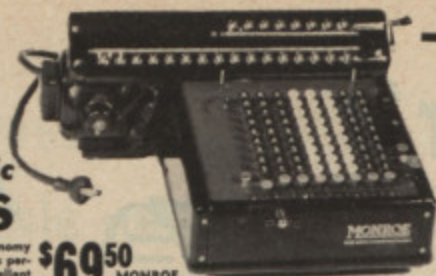
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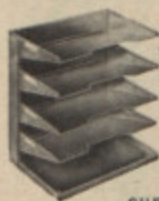
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officials, teach inexperienced businessmen how to present their statements to banks when they want a loan. Charles Koven, retired department store merchandising manager, showed St. Louis' 102 Community Chest agencies how to save \$15,000 through group purchasing.

In Wilmington, Del., the oldsters' organization is Consulting and Advisory Services, Inc. CAS was inspired by two elderly creditors who saw a young man's business fail through no fault of his except inexperience. One of the problems solved by the group has produced a new industry.

The problem was a lime sludge which accumulated around an acetylene plant. A trip to Washington by one of the members culminated in the Agriculture Department's recommending sludge for farm use and, before long, farmers were hauling it away.

In New York, Management Counselors, with an accumulation of 2,000 years in business, works on a retainer or per diem basis based on ability to pay. The brainchild of Alfred L. Hart, former distributor of electrical products, the organization had its beginning when James A. Emery, former general counsel of the National Association of Manufacturers, confided to him, "I am suffering from acute statutory senility." At that point Mr. Hart had tired of raising Guernsey cows and puttering in the garden, and was asking himself, "Why should a man's life end when he gets his watch and scroll at the company's farewell dinner?"

Friendship fights delinquency

AT A time when juvenile delinquency is an ugly front-page fact of life it is refreshing to note the constructive work of the Big Brothers of America, Inc. Its members are men dedicated to helping boys find a better way of life through responsible citizenship.

The Big Brothers got their start in 1904 when Ernest K. Coulter, then clerk of the newly created Children's Court, asked friends in the Men's Club of New York's Central Presbyterian Church each to take a personal interest in one boy. Over the years 83,115 boys have been helped by Big Brothers.

Felix Gentile, executive director of the organization, explains that "Little Brothers" range in age from eight to 17 and are recommended by churches, the courts (in cases of serious delinquency), schools and other sources—including parents.

"The friendships built up as a result of the 'One Man—One Boy' relationship often are life-long."



**"I know that's what he said
—I've got it right here in a telegram"**

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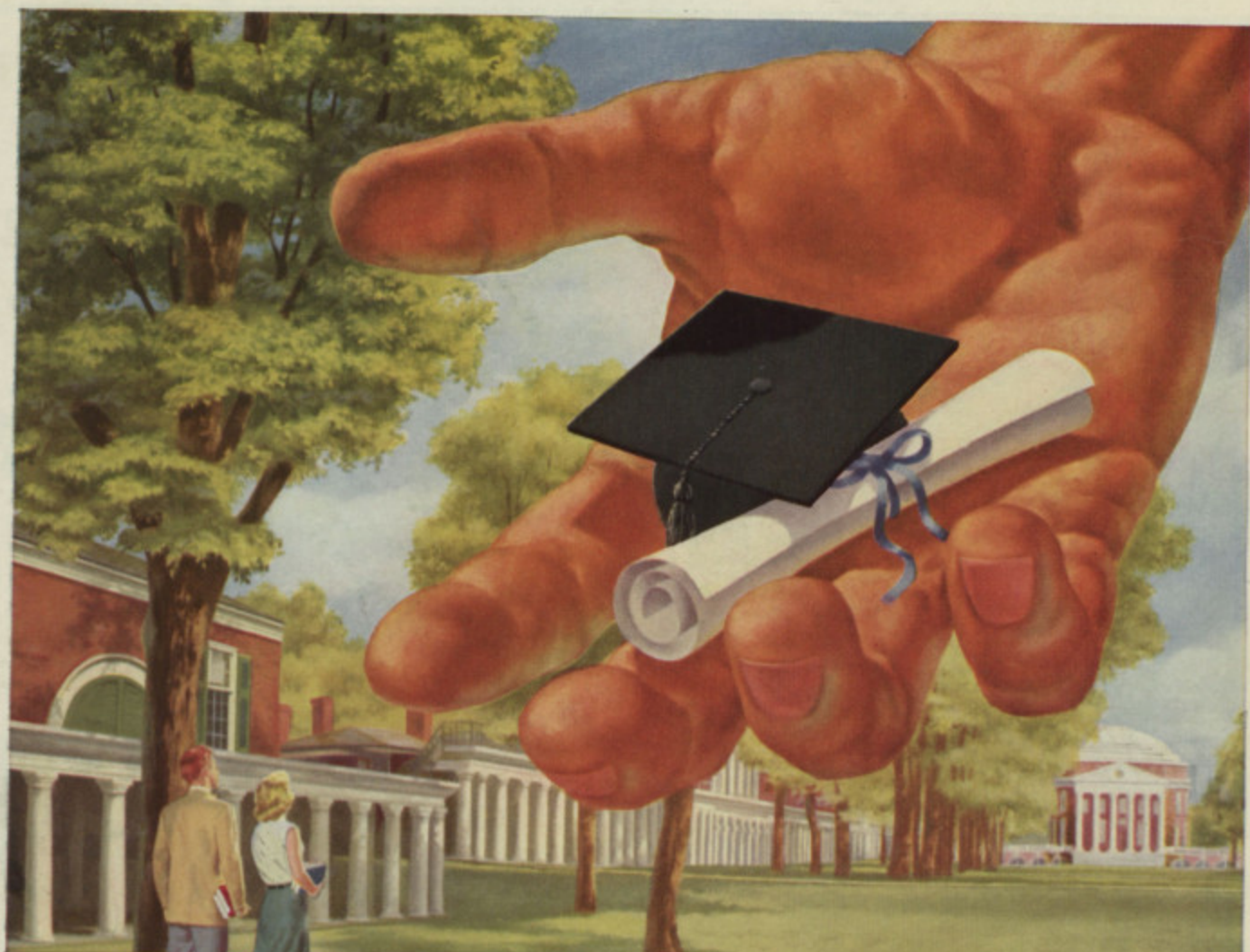
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"What greater or better gift can we offer the republic than to teach and instruct our youth?"*

"SHOULD I GO TO COLLEGE?" That all-important question is in the minds of many high school students. That they find the right answer is equally important to every one of us . . . and to the future of America.

GREAT GAINS TO YOUTH have been accomplished through education. Still, four out of five of our young people do not go to college. Some of these may have a spark of genius, or leadership talent, that will be wasted through lack of educational opportunity.

400 UNION CARBIDE SCHOLARSHIPS have been provided for through The Union Carbide Educational Fund to encourage able and deserving students toward successful careers in business. Scholarships are now open without special restrictions—through 34 selected liberal arts colleges and technological institutes—to all


students of high schools and preparatory schools.

THE PEOPLE OF UNION CARBIDE hope you, too—as you think of the future for your children and other deserving American youth—will do everything you can to encourage their ambitions for adequate education. Also, that you will join in giving co-operation and encouragement to those who guide and teach them.

TO LEARN MORE about the Union Carbide scholarships, their purposes, and the colleges, institutes, and universities in which they have been established, write for booklet Q.

*Cicero.

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